845 Brook Street, Rocky Hill, CT 06067
**T** 860.563.0015
**ctgreenbank.com**

CONNECTICUT
GREEN BANK

June 21, 2018

Dear Board of Directors:

We have a regular meeting scheduled for next week for Thursday, June 28, 2018 from 9:30-11:30 a.m. in the Colonel Albert Pope Board Room of the Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes for June 13, 2018. We have also included the updated financial statements for the Green Bank through April of 2018 for your perusal.

- **Incentive Business** – The Board previously approved a credit facility with Liberty Bank and Webster Bank to support the SHREC Warehouse and help the Green Bank better manage its cash flow. We are proposing slight modifications to the authorizing resolution so it is consistent with the final negotiated loan documents.

- **Investment Business** – we are in discussions with the Office of the Treasurer, Office of Policy and Management, and Bank of America to finalize the CSCU solar PPA bond transaction. The Green Bank Board needs to present a self-sufficiency analysis for the use of the Special Capital Reserve Fund. Applying the Loan Loss Decision Framework and Process approved by the Board at the last meeting, the staff is proposing to restructure a C-PACE transaction in executive session. For details on the transaction, see the memo and appendices provided.

- **Committee Recommendations** – the Budget & Operations Committee will recommend the approval of the FY 2019 targets and budget for the Green Bank. We have provided a memo summarizing the key elements of the targets and budget, along with a monthly cash flow statement for the year. We are also providing answers to the questions raised by the Board on the Green Bank and the Nonprofit. We want all questions raised by the Board to be thoroughly answered before we bring forth a recommendation to approve of the agreements between the Green Bank and the Nonprofit.

- **Other Business** – if there is time, we will be able to discuss other business.

If you have any questions, comments or concerns, please feel free to contact me at any time.

We look forward to seeing you next week.

Sincerely,

Bryan Garcia

President and CEO

# AGENDA

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Thursday, June 28, 2018
9:30-11:30 a.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Sue Kaswan, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order

2. Public Comments – 5 minutes

3. Consent Agenda – 5 minutes

4. Incentive Business – 5 minutes

    a. SHREC Warehouse – 5 minutes

5. Investment Business – Clean Energy Finance – 45 minutes

    a. CSCU – SCRF Self Sufficiency
    b. C-PACE Transaction – Proposed Restructuring

6. Committee Recommendations and Updates* – 60 minutes

    a. Budget & Operations Committee* – 60 minutes

        i. Approval of FY 2019 Budget and Targets* – 60 minutes

7. Other Business – 5 minutes

8. Adjourn

Next Regular Meeting: Friday, July 27, 2018 from 9:00 -11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT

# RESOLUTIONS

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Thursday, June 28, 2018
9:30-11:30 a.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Sue Kaswan, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order

2. Public Comments – 5 minutes

3. Consent Agenda – 5 minutes

**Resolution #1**

Motion to approve the meeting minutes of the Board of Directors for June 13, 2018.

4. Incentive Business – 5 minutes

   a. SHREC Warehouse – 5 minutes

**Resolution #2**

**WHEREAS**, Connecticut Green Bank ("Green Bank") staff has submitted to the Green Bank Board of Directors ("Board") a draft Credit Agreement for Green Bank whereby Webster Bank and Liberty Bank ("Webster-Liberty") will make available to Green Bank a $16,000,000 secured non-revolving line of credit ("SHREC Credit Facility") whereby the SHREC Credit Facility would be used for a period of up to one year in order to bridge Green Bank's short-term liquidity and working capital needs prior to funding anticipated from a long-term asset backed securitization ("ABS") financing of the Solar Home Renewable Energy Credit ("SHREC") program;

**WHEREAS**, along with a general repayment obligation by the Green Bank, Webster-Liberty will be secured by a first priority security interest in and collateral assignment of those Master Purchase Agreements by and between Green Bank and each of The Connecticut Light & Power Company d/b/a Eversource Energy and The United Illuminating Company each dated February 7, 2017 which collateral assignment shall include those cash flows associated with the SHREC program (the "SHREC Collateral"); and

**WHEREAS**, Green Bank staff recommends that the Board approve the proposed SHREC Credit Facility, in accordance with the terms of the Credit Agreement draft.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby authorizes and directs Green Bank to enter into the SHREC Credit Facility with each of Liberty Bank and Webster Bank substantially as set forth in the draft Credit Agreement and further authorizes and directs Green Bank to pledge the SHREC Collateral and any other assets associated with the SHREC Collateral to Webster-Liberty;

**RESOLVED**, that the Board hereby authorizes Green Bank in the discretion of the President of Green Bank to establish a bankruptcy remote special purpose entity 100% owned by Green Bank ("SPV"), if the President deems it appropriate or necessary or if required by the lenders to secure their interest in the SHREC Collateral;

**RESOLVED**, that the President, Chief Investment Officer and General Counsel of Green Bank and any other duly authorized officer of Green Bank, are each hereby authorized and directed to negotiate, finalize, execute and deliver, on behalf of Green Bank, any of the definitive agreements related to the SHREC Credit Facility that they deem necessary and appropriate to carry out the foregoing objectives of Green Bank, and to establish the SPV and any other agreements, contracts, legal instruments or documents as he shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all any documents as they shall deem necessary, appropriate and desirable to effect the above-mentioned legal instrument or instruments.

5. Investment Business – Clean Energy Finance – 45 minutes

   a. CSCU – SCRF Self Sufficiency

**Resolution #3**

xxx

   b. C-PACE Transaction – Proposed Restructuring

**Resolution #4**

**WHEREAS**, pursuant to Section 16a-40g of the Connecticut General Statutes (as amended, the "Act"), the Connecticut Green Bank ("Green Bank") established a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

**WHEREAS**, pursuant to Conn. General Statute 16a-40g, Green Bank entered into that certain Financing Agreement dated September 30, 2014 (as amended, the "Loan") with the Regional YMCA of Western Connecticut and Eastern Putnam County, Inc., the building owner of the Brookfield YMCA at 2 Huckleberry Hill Road, Brookfield, CT 06804, to finance the construction of certain clean energy measures through C-PACE;

**WHEREAS**, the Green Bank Deployment Committee ("Deployment Committee") and the

Audit, Compliance and Governance Committee ("ACG Committee") recommended approval of the Proposed Loan Loss Decision Framework and Process, set forth in that certain memo to the Board of Directors dated June 8, 2018 (the "Loss Process") for their consideration and subsequent approval; and

**WHEREAS**, in accordance with Loss Process, Green Bank staff seeks the Board of Director approval to restructure the Loan by (i) reducing the principal of the Loan to $769,428.00, (ii) reducing the term interest rate of the Loan to 3.23% per annum, and (iii) extending the term of the Loan to 18 years (collectively, the "Restructured Loan"), as more particularly described in the memorandum submitted to the Board of Directors dated May 25, 2018.

**NOW**, therefore be it:

**RESOLVED,** that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Restructured Loan with terms and conditions consistent with the memorandum submitted to the Deployment Committee dated May 25, 2018 and subsequently the Board of Directors on June 6, 2018, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of the Board approval of the Loss Process; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to affect the above-mentioned legal instruments.

6. Committee Recommendations and Updates* – 60 minutes

   a. Budget & Operations Committee* – 60 minutes

      i. Approval of FY 2019 Budget and Targets* – 60 minutes

**Resolution #5**

**WHEREAS**, as a result of the $32.6 million of sweeps of the Clean Energy Fund and Regional Greenhouse Gas Initiative allowance proceeds to the General Fund, the Board of Directors of the Connecticut Green Bank approved Sustainability Plan on December 15, 2017 directing staff to cut personnel, and non-personnel operating expenses, proactively manage cash balances, cancel and transfer commitments, and facilitate the creation of a nonprofit to further reduce the costs of managing existing Green Bank programs;

**WHEREAS**, the Fiscal Year 2019 Targets and Budget are in line with the previously approved Sustainability Plan; and

**WHEREAS**, the members of the Connecticut Green Bank Budget and Operations Committee independently recommended that the Green Bank Board of Directors approve the Fiscal Year 2019 Targets and Budget; and

**WHEREAS**, the members of the Budget and Operations Committee recommends that the Board of Directors authorizes Green Bank staff to extend the professional services agreements (PSAs) currently in place with the following, contingent upon a competitive bid process having occurred in the last three years (except MREN, Inc. (formerly Metis, Financial Network, Inc.) which will be in its fourth and final year of engagement with the Green Bank):

I. Adnet Technologies, LLC
II. Clean Power Research, LLC
III. Cortland Capital Market Services LLC
IV. Locus Energy LLC
V. MREN, Inc., (formerly METIS, Financial Network, Inc.)
VI. New Ecology, Inc.
VII. Strategic Environmental Associates, Inc.
VIII. Sustainable Real Estate Solutions, Inc.
IX. Wegowise, Inc.

For fiscal year 2019 with the amounts of each PSA not to exceed the applicable approved budget line item.

**NOW**, therefore be it:

**RESOLVED**, that the Connecticut Green Bank Board of Directors hereby approves: (1) the FY 2019 Targets and Budget with the understanding that there shall be no (i) expenditures related to professional service agreements and the memorandum of understanding for Inclusive Prosperity Capital Inc. or (ii) transitioning of Green Bank staff until the Board of Directors authorize such expenditures and actions at a future date, and (2) the nine PSAs listed above, as both items were recommended by the members Connecticut Green Bank Budget and Operations Committee.

7. Other Business – 5 minutes

8. Adjourn

Next Regular Meeting: Friday, July 27, 2018 from 9:00 -11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT

CONNECTICUT GREEN BANK

# Board of Directors Meeting

June 28, 2018

# Board of Directors

Agenda Item #1

Call to Order

# Board of Directors

## Agenda Item #2

## Public Comments

# Board of Directors

## Agenda Item #3

## Consent Agenda

# Consent Agenda
## Resolution 1

1. **Meeting Minutes** – approval of meeting minutes of June 13, 2018

- **Financial Statements** – through April of 2018

# Board of Directors

Agenda Item #4a

Incentive Business

SHREC Warehouse

## SHREC Monetization
### Warehouse Update

**Type:**

- Will not be a revolving credit facility (“non-restoring”)

**Structure**

- Originally structured as a loan to Green Bank SPV, but that requires MPA amendment
- Loan to be closed as a direct Green Bank obligation, rather than an SPV
- Amendment to MPA in progress to allow for SPV (requires approval by PURA)
- Credit facility to be amended to push loan down to SPV following MPA amendment / approval by PURA

# **SHREC Warehouse**
## Resolutions

**RESOLVED**, that the Board hereby authorizes and directs Green Bank to enter into the SHREC Credit Facility with each of Liberty Bank and Webster Bank substantially as set forth in the draft Credit Agreement and further authorizes and directs Green Bank to pledge the SHREC Collateral and any other assets associated with the SHREC Collateral to Webster-Liberty;

**RESOLVED**, that the Board hereby authorizes Green Bank in the discretion of the President of Green Bank to establish a bankruptcy remote special purpose entity 100% owned by Green Bank ("SPV"), if the President deems it appropriate or necessary or if required by the lenders to secure their interest in the SHREC Collateral;

**RESOLVED**, that the President, Chief Investment Officer and General Counsel of Green Bank and any other duly authorized officer of Green Bank, are each hereby authorized and directed to negotiate, finalize, execute and deliver, on behalf of Green Bank, any of the definitive agreements related to the SHREC Credit Facility that they deem necessary and appropriate to carry out the foregoing objectives of Green Bank, and to establish the SPV and any other agreements, contracts, legal instruments or documents as he shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all any documents as they shall deem necessary, appropriate and desirable to effect the above-mentioned legal instrument or instruments.

CONNECTICUT
GREEN BANK

# Board of Directors

Agenda Item #5a

Investment Business

CSCU – SCRF Self-Sufficiency

REMOVED

# Board of Directors

Agenda Item #5b

Investment Business

C-PACE Transaction – Proposed Restructuring

**EXECUTIVE SESSION**

# Loan Loss Decision Framework

## Restructuring > $1,000,000

| Type of Loss Anticipated | Amount of Principal Outstanding | | |
|---|---|---|---|
| | <$100,000 | $100,000-$1,000,000 | >$1,000,000 |
| Provisional Loss Reserve | Staff (with review and reporting from the Auditor) | | |
| Restructuring | Staff | Deployment | **BOD** |
| Write-Off | Staff | ACG | BOD |

Loan Loss Decision Framework is based on (1) amount of principal outstanding on a transaction, and (2) type of loss anticipated, with monthly (i.e., financials) and quarterly reports (i.e., Deployment Committee)

# Board of Directors

## Agenda Item #6

## Committee Recommendations

## Budget & Operations Committee

## FY 2019 Targets and Budget

# Connecticut Green Bank
## Budget Process

- **May 15** – review and discussion on targets (i.e., projects, investment, and deployment) and revenues with the B&O Committee.
- **June 6** – update on targets and revenues (including placeholder for "Income from Inclusive Prosperity Capital, Inc."), review and discussion of expenses, and "high level" discussion of cash flow (FY 2019) with B&O Committee.
- **June 19** – update on targets, revenues, expenses (including detail for Inclusive Prosperity Capital Personnel and Non-Personnel Expenses), review and discussion of cash flow (FY 2019 and FY 2019 through FY 2029) and investments with B&O Committee.
- **June 28** – members of the B&O Committee recommend to Board of Directors approval of FY 2019 targets and budget for the Green Bank, including service fees for the Nonprofit through agreements.

# Proposed FY 2019 Budget
## Next Steps

- **Board** – approve FY 2019 targets and budget (June 28, 2018) through Resolution #5
- **Nonprofit** – staff to complete the memo answering final questions raised by members of the Board of Directors. Staff will then recommend the Board of Directors review and approval of various agreements between the CT Green Bank and the Nonprofit (before at Special Meeting or at next Regular Meeting on July 27, 2018).

# Proposed FY 2019 Budget

## Goals and Targets

| | FY19 Proposed | | | FY18 (Preliminary as of 6/21/18) | | |
|---|---|---|---|---|---|---|
| **Program** | **Projects** | **Investment** | **Capacity** | **Projects** | **Investment** | **Capacity** |
| RSIP | 6,000 | $168,000,000 | 48.0 | 5,758 | $175,123,858 | 47.1 |
| **Total Infrastructure** | **6,000** | **$168,000,000** | **48.0** | **5,758** | **$175,123,858** | **47.1** |
| Smart-E | 540 | $8,775,000 | 1.3 | 1,675 | $26,647,770 | 3.7 |
| Posigen | 586 | $15,565,855 | 3.6 | 551 | $14,980,524 | 3.5 |
| Multifamily Term | 15 | $2,500,000 | 0.1 | 9 | $21,943,960 | 0.1 |
| Multifamily PreDevelopment | 4 | $70,000 | 0.0 | 6 | $4,723,726 | 0.0 |
| **Total Residential** | **1,145** | **$26,910,855** | **5.0** | **2,241** | **$68,295,980** | **7.3** |
| CPACE | 57 | $24,082,500 | 6.6 | 62 | $25,993,516 | 7.0 |
| Commercial PPA | 25 | $14,062,500 | 6.3 | 22 | $10,837,080 | 3.5 |
| **Total CI&I** | **73** | **$33,082,500** | **10.6** | **74** | **$32,660,651** | **9.3** |
| **Strategic Investments** | **1** | **$15,000,000** | **3.7** | **0** | **$0** | **0.0** |
| **Total Green Bank** | **6,498** | **$223,917,500** | **62.3** | **7,060** | **$246,317,167** | **55.7** |

About 6,500 projects, $225 MM of investment, and over 60 MW of green energy deployment with a leverage ratio of private to public funds of 10:1.

# Proposed FY19 Budget
## Revenues

**Revenue Detail**

| | FY19 Budget Total | FY18 Budget Original | FY18 YTD Actuals (Apr) Total |
|---|---|---|---|
| **Revenues** | | | |
| **Utility customer assessments** | $ 25,969,100 | $ 26,311,000 | $ 22,124,118 |
| **Utility customer assessments - Sweep** | (14,000,000) | - | - |
| **RGGI auction proceeds - renewables** | 3,050,700 | 2,043,200 | 965,534 |
| **RGGI auction proceeds - renewables - Sweep** | (2,300,000) | - | |
| **Interest Income - Cash Intercompany** | 64,544 | 61,447 | 52,448 |
| **Interest Income - Cash deposits** | 195,424 | 158,400 | 230,199 |
| **Interest Income - Delinquent CPACE payments** | - | - | 67 |
| **Interest Income - Capitalized construction interest** | 358,288 | 416,570 | 313,540 |
| **Interest Income - CPACE Warehouse, benefit assessments** | 1,271,250 | 732,592 | 644,935 |
| **Interest Income - Loan portfolio, other programs** | 1,296,801 | 940,603 | 967,999 |
| **Interest Income - CPACE Selldown Bonds** | 180,187 | 189,226 | 150,387 |
| **Interest Income - HA CPACE Promissory Notes** | 171,405 | 175,376 | 151,937 |
| **Interest Income - Solar lease I promissory notes, net** | 78,000 | 90,000 | 73,116 |
| **CPACE closing fees** | 135,000 | 100,000 | 101,918 |
| **Grant income (federal programs)** | 98,507 | 49,326 | 56,953 |
| **Grant income (DEEP)** | - | - | 1,500,000 |
| **Grant income (private foundations)** | 200,000 | - | 24,999 |
| **REC sales** | 843,059 | 1,303,734 | 132,500 |
| **REC sales to utilities under SHREC program** | 4,937,520 | 4,476,577 | 2,259,250 |
| **Other income - Programs** | 93,770 | 172,346 | 107,295 |
| **Other income - General** | 200,000 | 100,000 | 327,963 |
| **Total Sources of revenue:** | $ 22,843,556 | $ 37,320,397 | $ 30,185,158 |

$22.8 MM in total sources of revenues, including $16.3 MM in sweeps from State of Connecticut

# Proposed FY19 Budget

## Expenses

| | FY19 Budget | | | FY18 Budget (Original) | | | FY18 YTD Actuals (Apr) |
|---|---|---|---|---|---|---|---|
| | General Operations | Programs | Total Operations & Programs | Total Operations & Programs | $ Incr / (Decr) | % Incr / (Decr) | Total Operations & Programs |
| **Expenses** | | | | | | | |
| Employee compensation | $ 923,362 | $ 3,223,392 | $ 4,146,754 | $ 5,389,420 | $ (1,242,666) | (23)% | $ 4,383,614 |
| Employee benefits - Pension | 558,634 | 1,950,152 | 2,508,786 | 2,911,381 | (402,595) | (14)% | 2,643,978 |
| Employee benefits - Insurance, Payroll Tax | 198,523 | 693,029 | 891,552 | 1,227,087 | (335,534) | (27)% | 845,671 |
| Temporary Employees | - | - | - | 22,150 | (22,150) | (100)% | 17,955 |
| Pension Expense | - | - | - | - | - | 0 % | - |
| Program development and administration | - | 2,702,650 | 2,702,650 | 3,942,726 | (1,240,076) | (31)% | 1,986,220 |
| IPC Fee Human Capital Component | - | 1,124,960 | 1,124,960 | - | 1,124,960 | 0 % | - |
| IPC Fee Program Expenses Component | - | 140,750 | 140,750 | - | 140,750 | 0 % | - |
| Marketing | 407,000 | 765,500 | 1,172,500 | 3,106,296 | (1,933,796) | (62)% | 1,158,060 |
| EM&V | 135,000 | 325,000 | 460,000 | 726,000 | (266,000) | (37)% | 377,520 |
| Consulting & advisory fees | 85,500 | 142,500 | 228,000 | 370,500 | (142,500) | (38)% | 115,803 |
| R&D expenditures | 40,000 | - | 40,000 | 810,000 | (770,000) | (95)% | 94,210 |
| Professional fees: legal and accounting | 209,950 | 217,500 | 427,450 | 477,950 | (50,500) | (11)% | 246,806 |
| Bond Issuance Costs | - | 88,889 | 88,889 | - | 88,889 | 0 % | - |
| Rent and location related expenses | 104,029 | 363,137 | 467,166 | 640,629 | (173,463) | (27)% | 462,797 |
| Office, computer & other expenses | 353,121 | 448,984 | 802,105 | 971,895 | (169,790) | (17)% | 605,157 |
| **Expenses before Financial Incentives:** | $ 3,015,118 | $ 12,186,444 | $ 15,201,562 | $ 20,596,034 | $ (5,394,471) | (26)% | $ 12,937,791 |
| **Financial Incentives** | | | | | | | |
| RSIP Financial Incentives | $ - | $ 12,746,354 | $ 12,746,354 | $ 11,669,079 | $ 1,077,275 | 9 % | $ 11,818,535 |
| Financial Incentives - Grants | - | 198,507 | 198,507 | 100,000 | 98,507 | 99 % | 48,461 |
| Interest Rate Buydowns - CGB Funds | - | 125,000 | 125,000 | 100,000 | 25,000 | 25 % | 997 |
| **Financial Incentives:** | $ - | $ 13,069,861 | $ 13,069,861 | $ 11,869,079 | $ 1,200,782 | 10 % | $ 11,867,992 |

Expenses from FY 2018 to FY 2019 are 26% lower (or $5.4 MM) – consistent with the Sustainability Plan

# Proposed FY19 Budget

## Monthly Cash Flows

- **Sweeps** – Green Bank will continue to actively manage its cash in FY 2019 due to the sweeps. Given the gubernatorial elections, staff is working to determine when to pay the $14 million in sweeps for FY 2019 – preferably at the end of FY 2019 as in FY 2018.

- **SHREC Warehouse** – closing a warehouse facility with Liberty Bank and Webster Bank secured by Tranche 1 and Tranche 2 of SHREC MPA's. Facility expected to close in July 2018 and provide the Green Bank with $16 million in cash.

- **SHREC Securitization** – working with Royal Bank of Canada to close a climate bond certified securitization backed by the SHRECs in November of 2018. Transaction expected to produce $45 million which will payoff SHREC warehouse and fund many of the proposed FY 2019 investments.

# Proposed FY19 Budget
## Investments

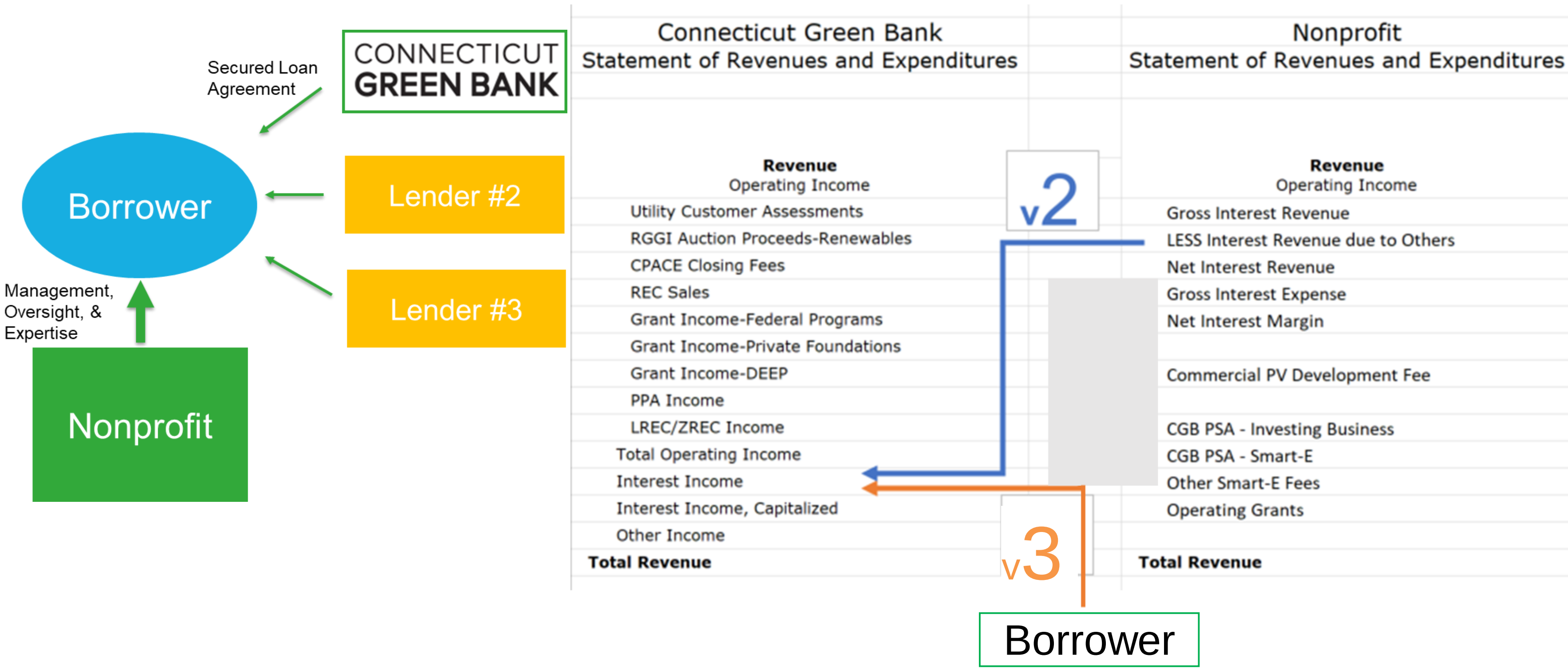
| Program | Investment | Principal | Rate of Return | Maturity | PV of Interest Income |
|---|---|---|---|---|---|
| C-PACE | CGB Portfolio | $9,990,279 | [redacted] | 18 | [redacted] |
| C-PACE | Purchase Hannon Portfolio[1] | $13,514,336 | [redacted] | 15 | [redacted] |
| New Products[2] | Kresge – Resilience | $3,000,000 | [redacted] | 10 | [redacted] |
| New Products | C&I ESA | $200,000 | [redacted] | 10 | [redacted] |
| Strategic Investment | Triangle Fuel Cell | $3,000,000 | [redacted] | 15 | [redacted] |
| Multifamily | Predevelopment Loan | $180,000 | [redacted] | 2 | [redacted] |
| LMI – PosiGen* | Solar PV Lease & EE ESA | $2,500,000 | [redacted] | 10 | [redacted] |
| Solar PPA Fund* | Equity in IPC SL IV | $3,500,000 | [redacted] | 10 | [redacted] |
| **Total** | | **$35,870,279** | [redacted] | **13.4** | [redacted] |

Investment portfolio supports strategy to get the Sustainability Plan to breakeven faster with low risk.

[redacted]

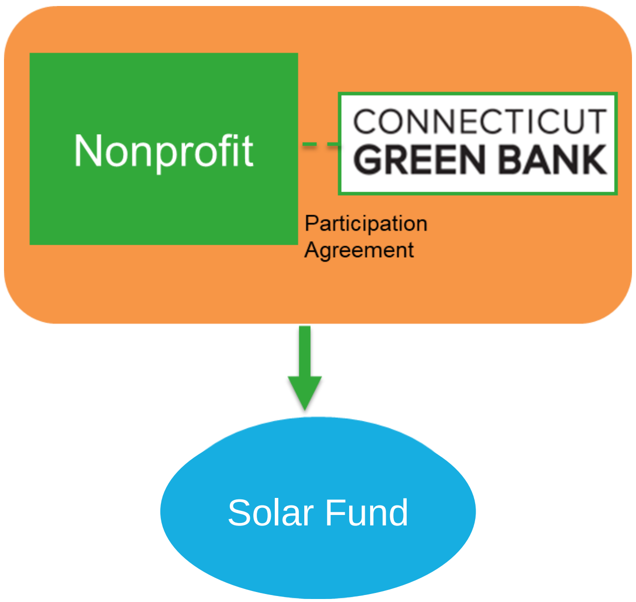
# Green Bank with Nonprofit
## LMI – PosiGen (v3 )

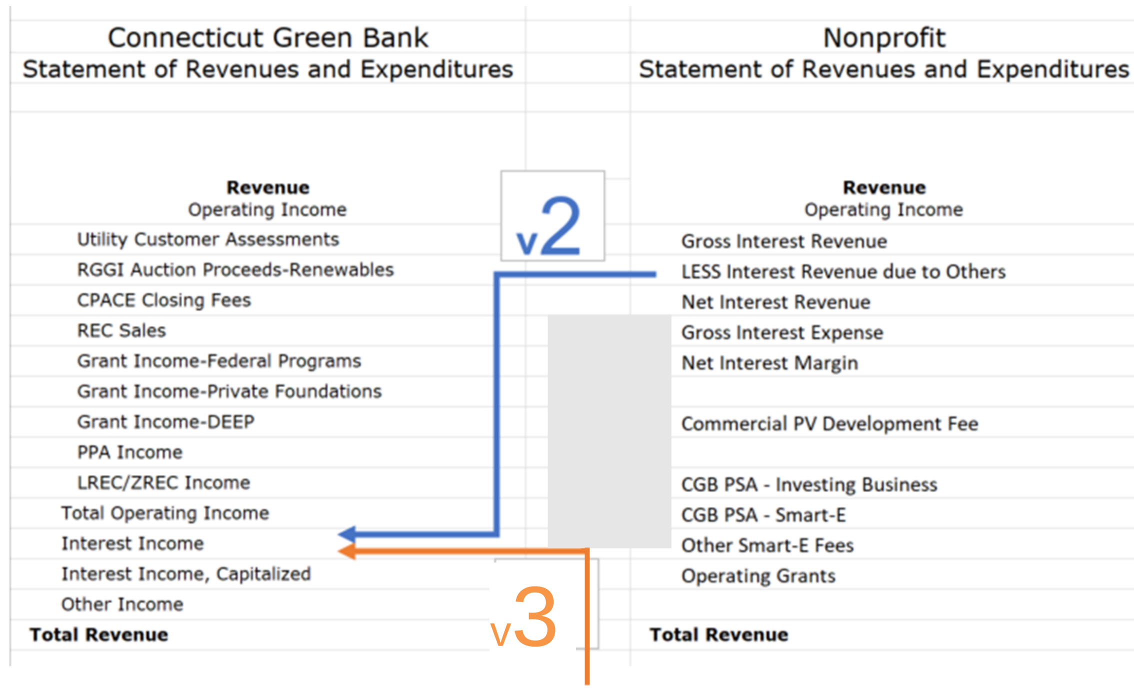
CONNECTICUT GREEN BANK




Green Bank lends to borrower (i.e., PosiGen) through a secured loan agreement and receives direct return from borrower. Nonprofit assists with PosiGen customer acquisition, transaction management, etc.

# Green Bank with Nonprofit
## Solar PPA Fund (v2)



| Connecticut Green Bank Statement of Revenues and Expenditures | Nonprofit Statement of Revenues and Expenditures |
|---|---|
| **Revenue** | **Revenue** |
| Operating Income | Operating Income |
| Utility Customer Assessments | Gross Interest Revenue |
| RGGI Auction Proceeds-Renewables | LESS Interest Revenue due to Others |
| CPACE Closing Fees | Net Interest Revenue |
| REC Sales | Gross Interest Expense |
| Grant Income-Federal Programs | Net Interest Margin |
| Grant Income-Private Foundations | |
| Grant Income-DEEP | Commercial PV Development Fee |
| PPA Income | |
| LREC/ZREC Income | CGB PSA - Investing Business |
| Total Operating Income | CGB PSA - Smart-E |
| Interest Income | Other Smart-E Fees |
| Interest Income, Capitalized | Operating Grants |
| Other Income | |
| **Total Revenue** | **Total Revenue** |



Green Bank provides debt capital or invests in fund administered by Nonprofit through a participation agreement and receives direct return from Nonprofit. Nonprofit manages customer acquisition, fund, etc.

# Investment Business

## Sustainability Plan – Breakeven Overview

| | Scenario | FY19 Operating Expenses ($ MM's) | Years to Break Even | Year of Break Even | Cumulative Cash Flow Prior to Break-Even ($ MM's) |
|---|---|---|---|---|---|
| BEST CASE | Sustainability Plan | ($11.87) | 4 | 2022 | ($14.3) |
| | FY 2019 Cash Flow[1] | ($11.20) | 4 | 2022 | ($9.8) |
| WORST CASE | Sustainability Plan – w/ Change in Law | ($11.87) | 7 | 2025 | ($21.6) |
| | FY 2019 Cash Flow[1] – w/ Change in Law | ($11.20) | 5 | 2023 | ($12.2) |

In FY 2019 budget, OpEx for Investment Business is less (i.e., $670,000) and Investments are greater (i.e., $35.9 MM) than the Sustainability Plan, resulting in less time and resources to breakeven

**REFERENCES**

1. FY 2019 cash flows based on draft FY 2019 budget, including the usage of SHREC securitization proceeds to invest in principal and interest producing assets on the Green Bank balance sheet. For investments, assumes 5.11% investment return over 13.4 years.

# Proposed FY19 Budget
## Core Partners Review

| Partner | Department | RFP | Year of RFP | Work Performed | FY19 Budget | FY18 Budget |
|---|---|---|---|---|---|---|
| Adnet Technologies, LLC | General Operations | Y | 2017 | IT Outsourcing | [redacted] | |
| Clean Power Research, LLC | S&I | Y | 2016 | PowerClerk Software | | |
| Cortland Capital Services | CI&I | Y | 2013 | CPACE - Loan Servicing | | |
| Forsyth Street | R&D | Y | 2016 | Alternative financing Partners study | | |
| Locus Energy LLC | S&I | Y | 2016 | Revenue grade meters for PV Systems | | |
| METIS, Financial Network, Inc. | Resi | Y | 2014 | Resi Data Warehouse | | |
| New Ecology | Multifamily | Y | 2015 | Sherpa Loan Program administration | | |
| Opinion Dynamics | General Operations | Y | 2013 | EMV Consulting | | |
| Strategic Environmental Associates | General Operations | N | | EV Charging Carbon Offsets | | |
| Sustainable Real Estate Solutions, Inc. | CI&I | Y | 2012 | CPACE Third Party Administrator | | |
| CT Housing Coalition | Multifamily | N | | Multifamily Programs - Outreach and Training | | |
| Wegowise | Multifamily | Y | 2015 | Multifamily Programs - Benchmarking | | |

Strategic partners support the CT Green Bank's operations and programs – and were competitively selected.

# **Proposed FY 2019 Budget**
## Next Steps

- **<u>Board</u>** – approve FY 2019 targets and budget (June 28, 2018) through Resolution #5
- **<u>Nonprofit</u>** – staff to complete the memo answering final questions raised by members of the Board of Directors. Staff will then recommend the Board of Directors review and approval of various agreements between the CT Green Bank and the Nonprofit (at Special Meeting mid-July or at next Regular Meeting on July 27, 2018).

# Question and Answer
## "Big Picture"

- **6 year outsourced fee for service arrangement** for 4 product areas
  - 6 year value of $6.27M ($5.7M human capital, $545K administration – estimates)
  - Personnel overhead savings of $330K due to lower overhead rate (40%)
  - **50% reduction in cost for staff in years 4-6** *regardless of any efficiencies realized at IPC*
  - ~$4M of additional required program expenses now housed at Green Bank vs. IPC
  - Green Bank annual option to decide whether to fund these directly (like FY19) or at IPC where opportunity for scale efficiencies could be achieved
  - Annual process for reviewing opportunities for cost savings due to efficiencies and reducing fees to CGB – governed by Fee Review Process memo
  - Annual targets and milestones
- **Force Majeure** for events outside our control (e.g. large legislative sweep) allow both parties to amend agreements
- **Capital** – $6.5M of DEEP capital grants for seed equity
  - IPC sources all additional capital and bears risk on loan losses
- **Non-compete** in CT and **right of first refusal** on CT investment opportunities

# Question and Answer

## Relative to the Green Bank

- **<u>Sustainability Plan</u>** – a number of questions, including:
  - Cash Flow
  - Breakeven
  - SHREC Warehouse
  - SHREC Securitization
  - Targets
  - Investment
- **<u>Financial Position</u>** – including 5-year Green Bank proforma (i.e., P&L, B/S, and Cash Flow) with and without the Nonprofit
- **<u>Special Capital Reserve Fund</u>** – a number of questions, including:
  - SCRF Obligations
  - Parent Support Agreement
- **<u>Authority</u>** – a number of questions, including:
  - General Authority
  - Nonprofit Creation
  - Attorney General
  - Authority to Transfer Support to Nonprofit
  - Shared Services Agreement

✦ - Answered in the memo of June 28, 2018

# Question and Answer
## Relative to the Nonprofit

- **<u>Business Plan</u>** – a number of questions, including:
  - Product Breakdown (including attachment)
  - Scope of Assessment (including attachment)
  - Proforma (i.e., P&L, B/S, and cash flow) (including attachment)
  - Governance
- **<u>Others</u>** – a number of other questions, including:
  - Recovery
  - Contracting
  - Delay to SHREC Securitization

- Answered in the memo of June 28, 2018

# Proposed FY 2019 Budget
## Next Steps

- **Board** – approve FY 2019 targets and budget (June 28, 2018) through Resolution #5
- **Nonprofit** – staff to complete the memo answering final questions raised by members of the Board of Directors. Staff will then recommend the Board of Directors review and approval of various agreements between the CT Green Bank and the Nonprofit (before at Special Meeting or at next Regular Meeting on July 27, 2018).

# Board of Directors

## Agenda Item #7

## Other Business

# Board of Directors

Agenda Item #8

Adjourn

**CONNECTICUT GREEN BANK**
Board of Directors
Draft Minutes
Wednesday, June 13, 2018



A regular meeting of the Board of Directors of the Connecticut Green Bank (the "Green Bank") was held on June 13, 2018, at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope boardroom.

1. **Call to Order**

   Catherine Smith, Chairperson of the Green Bank, called the meeting to order at 3:02 p.m. Board members participating: Betsy Crum (by phone), Matt Ranelli (by phone), Gina McCarthy (by phone), Kevin Walsh (by phone), Rob Klee, Bettina Bronisz, and John Harrity

   Members Absent: Tom Flynn and Eric Brown

   Others Attending: Guy West, Michael Freeman (by phone), and Chris Martin

   Staff Attending: Bryan Garcia, Cheryl Samuels, Kerry O'Neill, Brian Farnen, Bert Hunter, Jane Murphy, Mackey Dykes, Kim Stevenson, George Bellas, Eric Shrago, and Ben Healey

2. **Public Comments**

   There were no public comments.

3. **Consent Agenda**

   Commissioner Smith stated that they wanted to move Agenda item 5a to the front of the meeting.

   **Upon a motion made by Commissioner Klee and seconded by John Harrity, the Board voted unanimously to approve.**

   **Upon a motion made by Commissioner Klee and seconded by John Harrity, the Consent Agenda was approved unanimously.**

   Bert Hunter provided an update on the Securitization for SHREC. He discussed the Webster, Liberty warehouse funding facility that the Board had previously approved. He stated that the first two tranches of the SHREC would securitize $70 – 75 million in gross revenue and that the warehouse facility would bridge a portion of the funding Green Bank expects to receive from the ultimate securitization being arranged by Royal Bank of Canada Capital Markets ("RBC"), the winner of the RFP for the SHREC securitization. He stated that they had received the credit agreement and expected to close by the end of the month. He stated that they are planning to take the full $9 million from the facility at closing, although the final amount could be less depending upon Green Bank's cash position. Commissioner Smith questioned if the $9 million from the facility will be in advance of the two payments that need to be made to the Treasurer for the sweeps. Bert Hunter stated, yes. Commissioner Smith questioned what the interest rate would be for the facility. Bert Hunter stated that it would be about 4 ½%. Bettina Bronisz questioned why they were making two payments to the Treasurer. George Bellas stated that it's due to the wire limits that the Green Bank has in place. Brian Farnen stated that the Green Bank does not need the warehouse to make the first payment to the Treasurer.

Bert Hunter stated that they can draw the $9 million at closing and that he and George Bellas will discuss how much liquidity they need. He stated that they are permitted to draw on the warehouse periodically. George Bellas explained the Green Bank's cash position briefly. Commissioner Smith questioned if this cash position included the money from DEEP. George Bellas stated, no. He stated that it does not include other restricted monies, either.

Commissioner Smith questioned the pricing for the issuance and how they would characterize it. Bert Hunter stated that the "spread", as the capital markets tends to evaluate these transactions in terms of pricing, is likely to price a bit greater than typical solar securitizations. He stated that the Green Bank is a first-time issuer. He stated that this is not a typical PPA-backed securitization, although it shares many of the same traits with those PPA-backed securitizations and RBC intends to draw on these similarities when marketing the investments. He stated that RBC intends to emphasize that the SHREC securitization is the same kind of production risk. Bert Hunter stated that in contrast to solar PPA securitizations that involve consumer credit risk, the SHREC securitization involves payments from counterparties that are regulated utilities that benefit from regulated returns and full cost recovery for the payments they make under the SHREC contract. He stated that there is only limited recourse to the Green Bank. He stated that the payments by the utilities are fully recoverable from ratepayers. He stated that they are confident that they will get around $45 million from this issuance. Bettina Bronisz questioned if this was for both tranches. Bert Hunter stated, yes.

Commissioner Smith questioned how many tranches they expect. Bert Hunter stated it was a maximum of 6, but that they expect it to be 5, stating that they will still get the full 240 megawatts under the program.

George Bellas provided a high-level overview of the cash flow projections, as well as actuals through May 2018. He discussed the investments. He stated that there is nothing unusual from an operations point of view that would impact the June cash flow forecast. Bryan Garcia stated that they are still working through the processes and bringing forward the estimates of the revenues and expenses. George Bellas stated that once they receive the proceeds from the SHREC securitization in November, they will pay off the advances received under the SHREC warehouse.

In response to a question from Commissioner Smith, Bert Hunter stated that as was discussed in December with the Board, the Green Bank has an investment and an incentive business. He stated that RSIP, the incentive side, is a zero-sum / full recovery type of operation (being funded prior to the SHREC from the system benefit charge and with the SHREC from revenues from the Master Purchase Agreements with the utilities). He stated that the investment side is how the Green Bank becomes sustainable over time. Commissioner Smith questioned the expenses associated with the SHREC – and how she recalled the investment business was going to get some money back from the SHREC. Bert Hunter stated that until the securitization is complete, the investment side has and will be paying the incentive side to fund payments to third party owners and homeowners. Bettina Bronisz questioned if there was some point when the SHREC would not need working capital. Bert Hunter stated, yes – once the securitization settles out – the SHREC program will be able to fully fund itself.

Commissioner Klee questioned when the annual sweep was. George Bellas stated that they had assumed two payments throughout the year. He stated that they get money from the utilities and then they have to pay it back to the Treasurer. He stated that they are hoping to split the $14 million payment in FY19 in half. Bettina Bronisz questioned if the compensation and benefits reflect the employees going to the nonprofit. George Bellas stated that it's net of the employees going over.

**Resolution #1**

Motion to approve the meeting minutes of the Board of Directors for May 25, 2018.

4. **Nonprofit Organization – Underserved Markets**

Bryan Garcia provided an update on the budget process, targets, and revenues. He discussed the expenses for the Fiscal Year. He stated that at the Budget and Operations Meeting they would get through the targets, revenues, and expenses and discuss cash flow and investments. He stated that they hope to come back to the Board at the end of June with a recommendation from the Budget and Operations Committee. He stated that they want everyone to be comfortable and have all questions answered with regards to the nonprofit.

Bryan Garcia discussed the proposed budget for expenses for FY2019, stating that it's still in draft form. He stated that they would see a 27% reduction in expenses from FY2018. He stated that this is part of the sustainability plan. He stated that they are still working through other program-related expenses. He stated that they are making great progress.

Kerry O'Neill discussed the capital raising side of the nonprofit. She stated that the Kresge Foundation approved a $10 million Balance Sheet guarantee. Ben Healey stated that they are very excited about the Kresge vehicle. Kerry O'Neill stated that the Kresge Foundation also committed $300,000 to operating support and expansion opportunities.

Ben Healey discussed the Tax Equity Market, stating that it continues to evolve. He stated that they are looking to structure a new approach to Tax Equity that works on a project-by-project basis, as it is not the same level of upfront commitment / exposure as a fund-based model. He stated that this approach is a bit more conservative given the unknowns associated with the CT market and the broader project pipeline.
Kerry O'Neill discussed the Hewlett award that Connecticut and Michigan won. She stated that they had been awarded $250,000 to do the development on a new online platform for Smart-E. Bert Hunter stated that the award is 25% of the global pot that Hewlett made available under the RFP.

Ben Healey stated that they are setting up an entity focused on underserved markets and credit challenged customers. He stated that having a nonprofit going after this piece of the market has a unique appeal in the market. Bettina Bronisz questioned where the DEEP money was coming from. Commissioner Klee stated that none of the money is from general funds. He stated that it's merger money and not ratepayer or taxpayer dollars. Bettina Bronisz questioned if DEEP needed approval to use the money. Commissioner Klee stated, no.

Both Commissioner Smith and Betsy Crum acknowledged the team for their great work.

Bryan Garcia provided a high-level overview of the contractual agreements. Brian Farnen discussed the four proposed PSAs, stating that the key is to remember that these are outsourcing of programs, but that the Green Bank will remain the face of the brand in Connecticut. Commissioner Smith questioned if they are setting targets in each of the individual PSA's. Brian Farnen stated that yes, there will be clear goals and that incentives will be based on meeting those targets starting in year two. He stated that after one year, they will agree on what the targets for the next year should be. He said at that point they will set the potential compensation and funding, stating that it is a 6-year PSA. He stated that funding is based on the transitioned headcount supporting each program and the correlating salary at a reduced overhead rate. Bettina Bronisz questioned how the Green Bank was setting salaries for IPC. Brian Farnen stated that they wouldn't be setting the exact salaries, but the compensation funding coming from the Green Bank would be based on the transitioned employees' current salary. Bert Hunter stated that after the first 3 years, the support from the Green Bank will be reduced by 50% for salaries. He stated that IPC will still be fully servicing the Green Bank products. Eric Shrago stated that there will be a regular look back to determine any cost savings going back to the Green Bank. Commissioner Smith questioned if they could add something stating that if the Green Bank becomes less than 50% that they would take a look at staffing. Matt Ranelli stated that this is the same thing that was discussed in December. He stated that as long as IPC is hitting their targets, then the Green Bank is receiving their value. Commissioner Smith stated what if the Green Bank is showing losses and the non-profit is showing a nice gain. She stated that who is paying for what might have to shift so that the Green Bank's bottom line doesn't suffer. Commissioner Klee stated that the Green Bank is paying for them to do the work in Connecticut to continue the programs. Commissioner Smith stated that she remained concerned, stating that the Green Bank needs to be successful. Betsy Crum stated that this plan gets the Green Bank on a sustainable path quicker. Bettina Bronisz questioned what would happen to the revenues from the other states. Commissioner Klee stated that they would stay with IPC. He stated that that is part of the value of the nonprofit and that it allows them the opportunity to grow in that area. Bettina Bronisz questioned if they could get some return from business done in other states. Brian Farnen stated that this is more of outsourcing arrangement, not an investment. Eric Shrago stated that this is a fee for service. Commissioner Smith stated that she feels strongly that the Green Bank should be able to reduce its investment in the nonprofit. Eric Shrago stated that they have an annual look back at the fees and negotiation for costs. Ben Healey stated that they are trying to create an extension of Green Bank infrastructure.

Brian Farnen discussed the Multi-Family PSA agreement stating that the Green Bank is paying for the headcount at a reduced rate as well as some minor travel expenses. He stated that after one-year, specific targets will be incorporated. He stated that the solar fund PSA is similar. It allows IPC to consult with the Green Bank. He stated that they would launch a new fund to attract additional monies into that area. He stated that there is a license agreement so the nonprofit could utilize our IP for servicing our arrangements and as they expand geographically with Smart-E or Multifamily for example.

Brian Farnen discussed the Capital Grant Agreements. He stated that there is an LMI Capital Grant of $5 million from DEEP as well as a Health and Safety Grant for $1.5 million. He stated that the Health and Safety Grant has to be used for financing and investments into Health and Safety in Connecticut. He stated that IPC would have the business plan approved by DEEP for the use of the funds.

Eric Shrago discussed the MOU, stating that it is a term of 6 years for the Shared Services Agreement. He discussed the Advisory Opinion and the Common Principles, as well as the effective date and the term. He stated that the Green Bank would be providing a line of credit in an amount not to exceed $150,000 for startup funding. He discussed the services to be provided by the Green Bank stating that they will charge for the services after the first year. Bettina Bronisz questioned if the $150,000 was enough funds. Brian Farnen stated that yes, as they will continue to source Grants and foundational dollars. He stated that the Green Bank has Rights of First Refusal to protect the sustainability of the Green Bank as well as a non-compete arrangement. He stated that there would be an annual review of financials to determine the program savings. Bryan Garcia stated that they are not requesting a vote today. He stated that there are still questions to be answered and that they will come back to the Board with further details. He requested that the directors send along any final questions that they would like answered, about both the Green Bank and IPC.

## 5. Committee Recommendations and Updates

### a. Deployment Committee and Audit, Compliance, and Governance Committee

#### i. Loan Loss Decision Framework and Process

Bryan Garcia discussed the Loan Loss Decision Framework, providing an update. He stated that the Green Bank had had very few defaults from the portfolio. He stated that the senior staff had put together a framework for review by the Deployment and the ACG committees. The bylaws gives the Deployment Committee oversight of assets. He stated that the staff would have discretion over approving any restructuring and write-offs for anything under $100,000 and no more in aggregate than $500,000 between reporting periods. The Deployment Committee and the ACG Committee have the discretion of $100,000 to $1 million, for restructured and written-off transactions respectively, and anything over $1 million automatically goes to the Board. He stated that there would be monthly reports and a quarterly memo format. Commissioner Smith requested that they come to the Board with updates on how this is working.

**Upon a motion made by Commissioner Klee and seconded by John Harrity, the Board voted unanimously to approve.**

**Resolution #3**

**WHEREAS**, pursuant to Section 5.3.1 of the Connecticut Green Bank (Green Bank) Bylaws, the Audit, Compliance & Governance (ACG) Committee is charged with the review and approval of, and in its discretion recommendations to the Board regarding, all governance and administrative matters affecting the Green Bank, including but not limited to matters of corporate governance and corporate governance policies;

**WHEREAS**, on January 18, 2013, the Board of Directors authorized Green Bank staff to evaluate and approve funding requests less than $300,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Green Bank Comprehensive Plan, approved within Green Bank's fiscal budget and in an aggregate amount not to exceed $500,000 from the date of the last Deployment Committee meeting ("Staff Approval Policy for Projects Under $300,000");

**WHEREAS**, on July 18, 2014, the Green Bank Board of Directors approved of a recommendation brought forth by the Audit, Compliance, and Governance Committee and Deployment Committee to approve the authorization of Green

Bank staff to evaluate and approve program funding requests less than $300,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Green Bank Comprehensive Plan, approved within Green Bank's fiscal budget and in an aggregate amount not to exceed $1,000,000 from the date of the last Deployment Committee meeting;

**WHEREAS**, on October 20, 2017, the Green Bank Board of Directors approved of a recommendation brought forth by the ACG Committee and Deployment Committee to approve the authorization to amend the Staff Approval Policy to increase program funding requests for Projects Under $300,000 to $500,000 with an aggregate amount limit of $1,000,000 from the date of the last Deployment Committee meeting; and

**WHEREAS**, the Staff of the Green Bank propose in a memorandum to the Deployment Committee on May 29, 2018, and revised based on feedback by the Deployment Committee for review and recommendation for approval by the ACG Committee on June 8, 2018 a Loan Loss Decision Framework and Process for managing assets requiring restructuring or write-off from the Green Bank's balance sheet.

**NOW**, therefore be it:

**RESOLVED**, that the Deployment Committee and the ACG Committee recommend that the Board approve of the Staff proposed Loan Loss Decision Framework and Process for managing assets requiring restructuring or write-off from the Green Bank's balance sheet and consistent with the memorandum dated June 13, 2018 which incorporates feedback from the Deployment Committee and the ACG Committee; and

**RESOLVED**, that the Board of Directors authorizes Green Bank staff to evaluate and approve loan loss restructurings or write-offs for transactions less than $100,000 of the principal amount outstanding and no more in aggregate than $500,000 from the date of the last Deployment Committee meeting ("Staff Loan Loss Approval Policy for Transactions Under $100,000") and consistent with the memorandum dated June 13, 2018 which incorporates feedback from the Deployment Committee and the ACG Committee.

## 6. <u>Investment Business – Clean Energy Finance</u>

### a) PosiGen Investment

Ben Healey discussed the PosiGen Investment. He stated that the program is doing well and is on target. He stated that PosiGen had repaid in full the bridge loan that the Board approved in December. He stated that they would now like to provide PosiGen with the remaining $3.5 million of the original $5 million that was previously approved. He stated that the Board is aware of the underwriting constraints that were put into place for the bridge loan, but that they would like to remove the constraints now that the bridge loan has been fully paid. Commissioner Smith questioned what the constraint was. Ben Healey stated that they had put a debt service coverage ratio constraint in place. Bettina Bronisz questioned if PosiGen was in Connecticut. Ben Healey stated yes.

**Upon a motion made by Commissioner Klee and seconded by Bettina Bronisz, the Resolution passed unanimously.**

**Resolution #4**

**WHEREAS**, the Connecticut Green Bank ("Green Bank") has a mandate to deploy its resources to benefit all ratepayers, including low and moderate income ("LMI") residential households;

**WHEREAS**, LMI households bear a disproportionate burden of the state's high energy costs as a percentage of their income, generally do not benefit from existing federal incentives for clean energy adoption given that such incentives require sufficient tax liabilities to be of value, and traditional financing for residential solar PV and energy efficiency upgrades rely on credit tests that screen out many LMI households and exclude them from third-party ownership models for residential solar PV;

**WHEREAS**, the Green Bank has an existing and successful partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, "PosiGen") to support PosiGen in delivering a solar lease and energy efficiency financing offering to LMI households in Connecticut;

**WHEREAS**, the Green Bank has provided an initial debt capital commitment of $5,000,000 (the "Term Loan A Facility") to PosiGen that is currently in repayment with no outstanding payments or amounts due at this time;

**WHEREAS**, the Green Bank had advanced a subsequent debt capital facility of $3,500,000 as a bridge loan towards subsequent tax equity financing (the "Term Loan B Facility") to PosiGen that is now repaid in full;

**WHEREAS**, PosiGen has successfully deployed 1,623 residential solar PV systems in Connecticut since the formation of its existing and successful partnership with Green Bank;
NOW, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute and deliver the Term Loan A Facility with terms and conditions consistent with the memorandum submitted to the Board dated June 13, 2018, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

**b) C-PACE Transaction – Proposed Restructuring**

In the interest of time, Bryan Garcia stated that they would defer the proposed C-PACE restructuring and come back at the end of June with it.

**Resolution #5**

**WHEREAS**, pursuant to Section 16a-40g of the Connecticut General Statutes (as amended, the "Act"), the Connecticut Green Bank ("Green Bank") established a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

**WHEREAS**, pursuant to Conn. General Statute 16a-40g, Green Bank entered into that certain Financing Agreement dated September 30, 2014 (as amended, the "Loan") with the Regional YMCA of Western Connecticut and Eastern Putnam County, Inc., the building owner of the Brookfield YMCA at 2 Huckleberry Hill Road, Brookfield, CT 06804, to finance the construction of certain clean energy measures through C-PACE;

**WHEREAS**, the Green Bank Deployment Committee ("Deployment Committee") and the Audit, Compliance and Governance Committee ("ACG Committee") recommended approval of the Proposed Loan Loss Decision Framework and Process, set forth in that certain memo to the Board of Directors dated June 8, 2018 (the "Loss Process") for their consideration and subsequent approval; and

**WHEREAS**, in accordance with Loss Process, Green Bank staff seeks the Board of Director approval to restructure the Loan by (i) reducing the principal of the Loan to $769,428.00, (ii) reducing the term interest rate of the Loan to 3.23% per annum, and (iii) extending the term of the Loan to 18 years (collectively, the "Restructured Loan"), as more particularly described in the memorandum submitted to the Board of Directors dated May 25, 2018.

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Restructured Loan with terms and conditions consistent with the memorandum submitted to the

Deployment Committee dated May 25, 2018 and subsequently the Board of Directors on June 6, 2018, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of the Board approval of the Loss Process; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to affect the above-mentioned legal instruments.

## 7. Other Business

There was no other business.

## 8. Adjourn

**Upon a motion made by Commissioner Klee and seconded by Bettina Bronisz, the meeting was adjourned at 5:01 p.m.**

Respectfully Submitted,

___________________________________
Catherine Smith, Chairperson

WebsterBank

LIBERTY BANK

April 23, 2018

Mr. Bert Hunter
EVP & Chief Investment Officer
Connecticut Green Bank
845 Brook Street, Rocky Hill, CT 06067

**RE: $16,000,000 Non-Restoring Line of Credit Facility**

Mr. Hunter:

SHREC, LLC, (a to-be-formed entity wholly owned by the Connecticut Green Bank – hereinafter "**Company**" or "**Borrower**") has applied to Webster Bank, National Association ("**Webster**") and Liberty Bank ("**Liberty**" – each of Webster and Liberty a "**Bank**" and together the "**Banks**") for up to $16,000,000 of credit (the "**Loan**"). This letter provides an outline of the terms and conditions under which the Banks would consider providing the Loan to the Borrower. This term sheet is provided for discussion purposes only and is not a commitment. A commitment by the Banks is subject to satisfactory completion of due diligence, credit approval, completion of documentation (which may include material terms not in this letter), and the Banks' satisfaction with the terms and conditions of all transactions and documentation related to the contemplated financing.

| | |
|---|---|
| **Borrower:** | SHREC, LLC – a to-be-formed special purpose vehicle and wholly owned subsidiary of the Connecticut Green Bank. |
| **Guarantor:** | The Connecticut Green Bank ("**Guarantor**") |
| **Credit Facility:** | Non-Restoring Secured Line of Credit in an amount up to $16,000,000 |
| **Use of Proceeds:** | Payments to the Guarantor to fund its obligations to the State of Connecticut under the currently approved state budget and other related expenses of the SHREC program. |
| **Advances:** | The lessor of (a) $16,000,000 and (b) an Advance Rate based on Debt Service Coverage Ratio of not less than 1.20x. The DSCR shall be calculated as follows: The expected annual cash flow to be paid to the Green Bank under the executed Tranche Confirmations to the Master Purchase Agreements between the Guarantor and, each of The Connecticut Light and Power Company and The United Illuminating divided by an assumed (5) five year fully amortizing mortgage style debt schedule applied to such Advance using an assumed Fixed Rate. The Fixed Interest Rate used shall be based on 2 yr. FHLB index plus the applicable bank spread. |

| | |
|---|---|
| **Draw Period:** | 6 month draw period beginning on the closing date. |
| **Facility Maturity:** | 1 year from the closing date (the "**Maturity Date**"). |
| **Interest Rate:** | Variable based on monthly LIBOR rate plus 2.40% |
| **Payment:** | Interest only on a monthly basis; all principal and remaining interest due at the Maturity Date. |
| **Unused Fee:** | ½ of 1% payable monthly in arrears. |
| **Commitment Fee:** | $120,000 (0.75%) of the total commitment of $16,000,000, payable at closing, with 50% due to each Bank. |
| **Security:** | First priority lien on all assets of Borrower. Guarantor or Borrower shall collaterally assign (i) its rights in each SHREC MPA to the Banks; (ii) full and unconditional guarantee of payment from Connecticut Green Bank and any rights of payment guarantee under state statutes; and, (iii) assignment of the Guarantor's membership interest in the Borrower. |
| **Debt Service Reserve:** | 3 mos. interest only. |
| **Deposit Accounts:** | The Borrower will maintain all of its primary operating accounts at the Banks, including the reserve account to be maintained pro rata at each Bank. |
| **Loan Documents:** | The Loan Documents shall contain representations and warranties, conditions precedent to closing, affirmative and negative covenants, and events of default as are customary for loans of this size, type and purpose. |
| **Financial Covenants:** | Financial covenants to be determined. |
| **Financial Reporting** | Audited financial statements of the Borrower and Guarantor to be submitted within 120 days of each fiscal year end and tax returns within 15 days of filing. All financial statements will be prepared in accordance with GAAP consistently applied and accompanied by an unqualified statement from an independent certified public accountant (such independent certified public accountant shall be acceptable to the Banks).<br><br>Within 45 days after the close of the 1st, 2nd and 3rd fiscal quarters, unaudited financial statements of the Borrower and Guarantor.<br><br>All financial statements shall be accompanied by a covenant compliance certificate. |
| **Expenses:** | The Borrower agrees to reimburse each Bank for its reasonable attorneys' fees and expenses. |

We appreciate the opportunity to present this term sheet to you. If these terms and conditions are acceptable to you, please sign this letter in the space provided below and return a signed original to Webster and Liberty by April 26, 2018. Upon acceptance of this term sheet, a non-refundable fee of $25,000 shall be paid. The non-refundable fee will be credited towards the commitment fee upon closing of the transaction.

Sincerely,

WEBSTER BANK, NATIONAL ASSOCIATION

By: Lawrence
Lawrence Davis
Its Senior Vice President

LIBERTY BANK

By: David Cantor, SVP
David Cantor
Its Senior Vice President

ACCEPTED AND AGREED:

CONNECTICUT GREEN BANK

By: ______________________________
Bert Hunter
EVP and Chief Investment Officer

**INCUMBENCY CERTIFICATE**
**OF**
**CONNECTICUT GREEN BANK**

The undersigned, being the General Counsel and Chief Legal Officer of the Connecticut Green Bank, a quasi-public agency of the State of Connecticut (the “Green Bank”), does hereby certify as follows, that:

1. Attached hereto as Exhibit A is a copy of the enabling legislation for the Green Bank, which has not been further modified, repealed or rescinded and is in full force and effect on the date hereof.

2. Attached hereto as Exhibit B is a true and correct copy of the By-Laws of the Green Bank, which By-Laws have not been further modified, repealed or rescinded and are in full force and effect on the date hereof.

3. Attached hereto as Exhibit C is a true and correct copy of the consent resolution duly adopted by the Board of Directors of the Green Bank on June 28, 2018 which consent resolution has not been modified, repealed or rescinded and is in full force and effect on the date hereof.

4. Attached hereto as Exhibit D is a true and correct copy of the Operating Procedures of the Green Bank, which Operating Procedures have not been further modified, repealed or rescinded and are in full force and effect on the date hereof.

5. The following persons are duly elected Officers of the Green Bank, holding the office as shown below, and the signature set forth opposite the name of such officer is his/her true and actual signature:

| Incumbent | Office | Signature |
|---|---|---|
| Bryan T. Garcia | President & CEO~~, Authorized Signatory~~ | |
| Roberto Hunter | Executive Vice President and Chief Investment Officer | |

Dated as of June , 2018

Name: Brian Farnen
Title: General Counsel and Chief Legal Officer

**EXHIBIT C**

**CONSENT RESOLUTION**

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Thursday, June 28, 2018
9:30 – 11:00 a.m.

**Resolution #6**

**WHEREAS**, Connecticut Green Bank ("Green Bank") staff has submitted to the Green Bank Board of Directors ("Board") a draft Credit Agreement for Green Bank whereby Webster Bank and Liberty Bank ("Webster-Liberty") will make available to Green Bank a $16,000,000 secured non-revolving line of credit ("SHREC Credit Facility") whereby the SHREC Credit Facility would be used for a period of up to one year in order to bridge Green Bank's short-term liquidity and working capital needs prior to funding anticipated from a long-term asset backed securitization ("ABS") financing of the Solar Home Renewable Energy Credit ("SHREC") program;

**WHEREAS**, along with a general repayment obligation by the Green Bank, Webster-Liberty will be secured by a first priority security interest in and collateral assignment of those Master Purchase Agreements by and between Green Bank and each of The Connecticut Light & Power Company d/b/a Eversource Energy and The United Illuminating Company each dated February 7, 2017 which collateral assignment shall include those cash flows associated with the SHREC program ~~and, in the event of a payment default under the SHREC non-revolving Credit Facility, those Tranches of SHRECs as required by such lenders together with all commercially necessary rights thereunder~~ (the "SHREC Collateral"); and

**WHEREAS**, Green Bank staff recommends that the Board approve the proposed SHREC Credit Facility, ~~generally~~ in accordance with the terms of the Credit Agreement draft.

**NOW**, therefore be it:

**RESOLVED**, that the Board hereby authorizes and directs Green Bank to enter into the SHREC Credit Facility with each of Liberty Bank and Webster Bank substantially as set forth in the draft Credit Agreement and further authorizes and directs Green Bank to pledge the SHREC Collateral and any other assets associated with the SHREC Collateral to Webster-Liberty;

**RESOLVED**, that the Board hereby authorizes Green Bank in the discretion of the President of Green Bank to establish a bankruptcy remote special purpose entity 100% owned by Green Bank ("SPV"), if the President deems it appropriate or necessary or if required by the lenders to secure their interest in the SHREC Collateral;

**RESOLVED**, that the President, Chief Investment Officer and General Counsel of Green Bank and any other duly authorized officer of Green Bank, are each hereby authorized and directed to negotiate, finalize, execute and deliver, on behalf of Green Bank, any of the definitive agreements related to the SHREC Credit Facility that they deem necessary and appropriate to carry out the foregoing objectives of Green Bank, and to establish the SPV and any other agreements, contracts, legal instruments or documents as he shall deem necessary or appropriate and in the interests of Green Bank and the ratepayers in order to carry out the intent and accomplish the purpose of the foregoing resolutions; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all any documents as they shall deem necessary, appropriate and desirable to effect the above-mentioned legal instrument or instruments.

845 Brook Street, Rocky Hill, CT 06067
**T** 860.563.0015
**ctgreenbank.com**

CONNECTICUT GREEN BANK

# Memo

**To:** Board of Directors of the Connecticut Green Bank

**From:** George Bellas (Vice President of Finance and Administration) and Eric Shrago (Director of Operations)

**CC:** Bryan Garcia (President and CEO)

**Date:** June 28, 2018

**Re:** Proposed FY 2019 Targets and Budget – Delivering the Sustainability Plan

---

## Introduction

In accordance with Section V of the Connecticut Green Bank ("Green Bank") Operating Procedures, enclosed is the Fiscal Year 2019 Annual Operating Budget (including Cash Flows) – see the attached.

The Budget & Operations Committee met on May 15, 2018, June 6, 2018, and June 19, 2018 to review the staff proposed targets and budget (i.e., revenues, expenses, cash flow, and investments). This memo outlines key recommendations from the Budget & Operations Committee members with regards to targets and budget.

As the Green Bank continues to implement the Sustainability Plan,[1] the proposed FY 2019 Budget also includes a breakdown of the Investment and Incentive Businesses, as well as the expenses associated with covering the services being provided by the Nonprofit in support of the Green Bank's mission. The proposed FY 2019 Budget is consistent with the Sustainability Plan approved by the Board of Directors on December 15, 2017, and if successfully implemented, this budget will result in less time and resources to get the Green Bank to breakeven.

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## Targets

The senior management team of the Green Bank proposed, and the Budget & Operations Committee reviewed the approval of the following targets for FY 2019 in the Comprehensive Plan (see Tables 1 through 4).

[1] See 'Sustainability Pathway – FY 2018, FY 2019, and Beyond" memo dated December 15, 2017.

**Table 1. Infrastructure Sector Targets for FY 2019**

| Program | Projects | Investment | Capacity |
|---|---|---|---|
| RSIP | 6,000 | $168,000,000 | 48.0 |
| **Total Infrastructure Sector** | **6,000** | **$168,000,000** | **48.0** |

**Table 2. Residential Sector Targets for FY 2019**

| Program | Projects | Investment | Capacity |
|---|---|---|---|
| Smart-E Loan | 540 | $8,775,000 | 1.3 |
| LMI – PosiGen | 586 | $15,565,855 | 3.6 |
| Multifamily Term Loan | 15 | $2,500,000 | 0.1 |
| Multifamily Predevelopment Loan | 4 | $70,000 | 0.0 |
| **Total Residential Sector** | **1,145** | **$26,910,855** | **5.0** |

**Table 3. Commercial, Industrial, and Institutional Sector Targets for FY 2019**

| Program | Projects | Investment | Capacity |
|---|---|---|---|
| C-PACE | 57 | $24,082,500 | 6.6 |
| Solar PPA | 25 | $14,062,500 | 6.3 |
| Lead by Example – Solar PPA | - | - | - |
| **Total CI&I Sector** | **73** | **$33,082,500** | **10.6** |

**Table 4. Connecticut Green Bank Targets for FY 2019 – Projects (#), Investment ($), and Capacity (MW)**

| Program | Projects | Investment | Capacity |
|---|---|---|---|
| RSIP | 6,000 | $168,000,000 | 48.0 |
| **Total Infrastructure Sector** | **6,000** | **$168,000,000** | **48.0** |
| Smart-E Loan | 540 | $8,775,000 | 1.3 |
| LMI – PosiGen | 586 | $15,565,855 | 3.6 |
| Multifamily Term Loan | 15 | $2,500,000 | 0.1 |
| Multifamily Predevelopment Loan | 4 | $70,000 | 0.0 |
| **Total Residential Sector** | **1,145** | **$26,910,855** | **5.0** |
| C-PACE | 57 | $24,082,500 | 6.6 |
| Solar PPA | 25 | $14,062,500 | 6.3 |
| Lead by Example – Solar PPA | - | - | - |
| **Total CI&I Sector** | **73** | **$33,082,500** | **10.6** |
| **Strategic Investments** | **1** | **$15,000,000** | **3.7** |
| **Total Green Bank** | **6,498** | **$223,917,500** | **62.3** |

The key take-away messages for the targets for FY 2019 include:

- **Solar Market Transition** – As the RSIP is approaching its cap of 300 MW of residential solar (i.e., the RSIP is currently at 210 MW), installers are preparing to transition from the RSIP and net metering to a tariff structure. We expect this to drive growth in the residential solar market through the RSIP in FY 2019.

- **Nonprofit Program Management** – The Nonprofit will manage the Smart-E Loan, LMI-PosiGen, Solar PPA, and Multifamily Loan Programs on behalf of the Green Bank and deliver on the above targets to the Green Bank.

- **C-PACE** – C-PACE remains one of the Green Bank's flagship offerings and is a key to the organization's sustainability as it provides a sustainable yield to the organization. C-PACE presently has a robust pipeline that continues to be developed, and moving forward, the Green Bank will retain 100% of the value of the C-PACE financings.

The Green Bank reaching 6,500 projects, mobilizing nearly $225 million in investment, and deploying over 60 MW of renewable energy, balances our commitment to attracting more private investment (i.e., achieving a 10:1 private to public investment leverage ratio) with our new focus on organizational sustainability (i.e., ensuring the breakeven of the Investment Business no later than 7 years).

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## Revenues

The Green Bank anticipates revenues of $22.8 million in FY 2019 – a reduction of nearly 40% from the original revenue budget for FY 2018.

The revenues include the sweeps from the State of Connecticut of $14.0 million from the Clean Energy Fund and $2.3 million of RGGI allowance proceeds to the General Fund. They also include detail on REC revenues and other sources of income, including returns on investments made by the Green Bank in loans and leases.

In the attached budget, for revenues, see the following pages:

- P1 – Projected Revenues and Expenses FYE June 30, 2019
  - Total Green Bank
  - Investment Business
  - Incentive Business
- P1a – Revenue Detail
- P2 – Projected Utility Remittances
- P3 – Projected RGGI Auction Proceeds
- P4 – Projected REC Revenue

The key take-away messages of the revenue budget for FY 2019 include:

- **Investment Business** – as a result of the sweeps, $16.3 million in revenues from the Clean Energy Fund and RGGI will be lost for the Investment Business in FY 2019, leaving $12.8 million of revenue as investment from these sources. Interest income, closing fees, and grants provide $4.3 million in revenues to support the Investment Business in FY 2019.

- **Incentive Business** – $5.7 million in revenues from SHREC and non-SHREC projects will be generated in FY 2019 from the Incentive Business. It should be noted that through a Master Purchas Agreement ("MPA") between the Green Bank and the Electric Distribution Companies ("EDC"), that future SHREC revenues will be securitized to provide resources to support the administration of the RSIP and its cost recovery to the Green Bank.

- **<u>Nonprofit</u>** – the Green Bank does not expect any revenues from the Nonprofit in FY 2019. However, it should be noted that the Green Bank expects to make a $3.5 million investment in a Solar PPA fund to be raised and managed by the Nonprofit to support projects. In future years, interest income will be generated through the Nonprofit to the Green Bank from the Investment Business.

These revenues, while drastically reduced, allow the Green Bank to continue on its path toward breakeven through its Sustainability Plan.

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## Expenses

The Green Bank has budgeted $15.2 million in operating expenses – a reduction of 26% from the original operating expense budget of $20.6 million for FY 2018 and consistent with the Sustainability Plan.[2] In addition to the operating expenses, the Green Bank has budgeted $13.1 million in financial incentives (e.g., RSIP recovered through the SHRECs) and $3.4 million in non-operating expenses (e.g., provision for loan losses).

The Green Bank has budgeted $1.125 million to cover the personnel expenses and $0.141 million of non-personnel expenses of the Nonprofit to support the implementation of key programs that advance the Green Bank's mission in underserved markets (e.g., low-to-moderate income households) and credits (e.g., nonprofits, housing authorities, etc.).

In the attached budget, for expenses, see the following pages:

- P1 – Projected Revenues and Expenses FYE June 30, 2019
    - Total Green Bank
    - Investment Business
    - Incentive Business
- P5 – Employee Staffing Plan
- S4 – Capital Expenditures
- S6– Summary of Program Administration Expenses – Nonprofit

The key take-away messages of the expense budget for FY 2019 include:

- **<u>Investment Business</u>** – $11.1 million in expenses in the Investment Business have been reduced by 32% or $5.2 million from the FY 2018 to FY 2019 budget. Reductions in expenses are largely from less personnel and significantly reduced program development and administration, marketing, and R&D budgets.

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[2] It should be noted that the target operating expense reduction from FY 2018 to FY 2019 for the Sustainability Plan was 27%. As a result of some additional costs for the SHREC securitization in the FY 2019 budget (i.e., $88,889), the 27% reduction dropped to 26%.

- **Incentive Business** – $4.0 million in expenses in the Incentive Business is a reduction of 6% or $0.2 million from the FY 2018 to FY 2019 budget. Reductions in expenses are largely from program development and administration (i.e., inspections) and marketing. Additional bond issuance costs for the SHREC securitization are new to the FY 2019 budget. RSIP incentives of $12.7 million are budgeted for FY 2019.

- **Nonprofit** – as identified in the Sustainability Plan, seven (7) personnel are being transferred from the Green Bank to the Nonprofit at a program administrative expense of $1.125 million – $25,000 less than anticipated.[3] This will save the Green Bank $350,000 in FY 2019 as a result of a lower overhead rate between the Nonprofit and the State of Connecticut.[4]

As part of the Green Bank's Sustainability Plan presented in December, staff identified and executed on a series of actions to reduce operating expenses, including:

- Reducing non-personnel related operating expenses (e.g., program development and administration, marketing, etc.);
- Reducing personnel related operating expenses (i.e., staff reductions);
- Cancelling R&D initiatives;
- Cancelling the office space lease at 865 Brook Street (i.e., a sublease from Connecticut Innovations);
- Cancelling outstanding project commitments that weren't closed and no longer met the investment return targets (e.g., CHP and AD projects); and
- Transferring, or reducing, outstanding project commitments that weren't closed (e.g., Triangle Fuel Cell Project)

These actions have put the Green Bank on a pathway to breakeven, demonstrating the implementation of the Sustainability Plan.

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## Cash Flow

As a result of the sweeps, the FY 2019 Budget includes, for the first time, monthly cash flow projections to ensure that the Green Bank is sufficiently managing its financial resources for its Investment Business and Incentive Business. The sweeps have put increased pressure on the Green Bank's operations, programs, and investments requiring additional diligence in the management of its financial resources.

The key take-away message of the cash flow projections for FY 2019 include:

- **Sweeps** – the Green Bank will continue to actively manage its cash in FY 2019 due to the sweeps. Staff is working to determine when to pay the $14 million in sweeps for FY 2019 – preferably at the end of FY 2019 in a lump sum payment like was done in FY 2018.

[3] It should be noted that an additional staff member of the Green Bank will be transferred to the Nonprofit on July 1, 2019.

[4] See "Staff Transition Plan – From the Connecticut Green Bank to the Nonprofit" memo dated April 27, 2018.

- **SHREC Warehouse** – Staff is presently working to close a warehouse (i.e., credit facility) secured by the Tranche 1 and Tranche 2 SHREC revenues before the close of the SHREC securitization. This facility is expected to close in July 2018 and provide the Green Bank with up to $16 million in cash.

- **SHREC Securitization** – Staff is working with its competitively selected underwriter to close a climate bond certified securitization backed by the SHRECs in November. This transaction is expected to bring the Green Bank approximately $45 million which will payoff the SHREC warehouse and fund many of the Green Bank's proposed investments in FY 2019.

Beyond the monthly cash flow for FY 2019, several members of the Board of Directors have requested future projections to assess the state of the Sustainability Plan and the Green Bank pursuit of breakeven for the Investment Business – see Tables 5 and 6.[5][6]

**Table 5. Sustainability Plan vs. Proposed FY 2019 Budget to Breakeven**

| **Scenario** | **FY 2019 Operating Expenses** ($ MM's) | **Years to Breakeven** | **Year of Breakeven** | **Cumulative Cash Flow Prior to Breakeven** ($ MM's) |
|---|---|---|---|---|
| Sustainability Plan | ($11.87) | 4 | 2022 | ($14.3) |
| Proposed FY 2019 Budget | ($11.20) | 4 | 2022 | ($9.8) |

**Table 6. Sustainability Plan vs. Proposed FY 2019 Budget to Breakeven with a Change in the Law**

| **Scenario** | **FY 2019 Operating Expenses** ($ MM's) | **Years to Breakeven** | **Year of Breakeven** | **Cumulative Cash Flow Prior to Breakeven** ($ MM's) |
|---|---|---|---|---|
| Sustainability Plan w/Δ Law[7] | ($11.87) | 7 | 2025 | ($21.6) |
| FY 2019 Budget w/Δ Law[7] | ($11.20) | 5 | 2023 | ($12.2) |

The proposed budget for FY 2019 is not only consistent with the Sustainability Plan approved by the Board of Directors on December 15, 2017,[8] but if successfully implemented, this budget will result in less time and resources to get the Green Bank to breakeven.

[5] It should be noted that staff has used a modified version of a cash flow model provided by Commissioner Smith to assess different breakeven scenarios.

[6] It should be noted that since the Incentive Business is "cost recovered" through the public policy that allows the Green Bank to recover its administrative expenses, incentives, and financing costs, that breakeven, per the Sustainability Plan is only focused on the Investment Business.

[7] Assumes the current law sweeping the Clean Energy Fund and RGGI allowance proceeds for FY 2018 and FY 2019 changes (i.e., continues the sweeps at the current rates for the Clean Energy Fund at $14.0 MM and RGGI at $2.3 MM per year).

[8] See Page 4 Table 2 'Sustainability Pathway – FY 2018, FY 2019, and Beyond" memo dated December 15, 2017.

## Investments

In FY 2019, the Green Bank proposes to invest $35.9 million – see Table 7.

**Table 7. Proposed FY 2019 Investments of the Green Bank**

| Program | Investment | Principal | Rate of Return | Maturity | PV of Interest Income |
|---|---|---|---|---|---|
| Multifamily | Predevelopment Loan | $180,000 | 0.00% | 2 | $0 |
| LMI – PosiGen | Solar PV Lease EE ESA | $2,500,000 | 5.00% | 10 | $633,730 |
| C-PACE | CGB Portfolio | $9,990,279 | 6.05% | 18 | $4,500,902 |
| C-PACE | Purchase from Hannon | $13,514,336 | 4.56% | 15 | $4,160,125 |
| New Product | Kresge – Resilience | $3,000,000 | 3.00% | 10 | $435,614 |
| New Product | C&I – ESA | $200,000 | 5.00% | 10 | $45,547 |
| Strategic | Triangle Fuel Cell | $3,000,000 | 6.00% | 15 | $1,152,411 |
| Solar PPA | Nonprofit Solar Fund | $3,500,000 | 5.00% | 10 | $806,471 |
| **Total** | | **$35,870,279** | **5.11%** | **13.4** | **$11,735,801** |

Per the Sustainability Plan, to increase cash flow from investments, the Investment Business is to generate a rate of return target of 5.0% from a portfolio of investments averaging a 10-year maturity. The proposed investment portfolio supports the strategy to get the Sustainability Plan to breakeven faster with lower risk.

In the attached budget, for investments, see the following pages:

- S1 – Program Loans and Working Capital Advances
- S2 – Credit Enhancements
- S3 – Program Grants and Incentives

The key take-away messages on investments for FY 2019 include:

- **SHREC Securitization** – The SHREC Securitization will bring the Incentive Business of the Green Bank business approximately $45 million. The Incentive Business will repay the Investment Business for the money it previously advanced to cover incentives and administrative expenses as well as payoff the SHREC warehouse. The Investment Business will use these funds to finance its investments for FY 2019.

- **Repurchase Hannon Armstrong Portfolio** – The Green Bank has had a partnership with Hannon Armstrong whereby they purchased 90% of the Green Bank's C-PACE assets while the Green Bank retained a subordinated 10%. The Green Bank has the opportunity to repurchase these assets previously bought by Hannon. These $13.5 million worth of assets, while not meeting the Green Bank's thresholds for yield and term, do present the organization the unique opportunity to acquire assets with which it is familiar that immediately start producing a return, with no additional acquisition cost. This purchase will enable the Green Bank to breakeven faster.

- **C-PACE** – The Green Bank has built (and continues to build) a healthy pipeline of C-PACE projects. As the Green Bank's partnership with Hannon comes to an end, the Green Bank will now finance 100% of the cost of C-PACE projects and retain them as assets on its balance sheet. The Green Bank expects to disburse more than $9 million in FY 2019 towards C-PACE projects. While reducing the leverage ratio for C-PACE, this strategy will enable the Green Bank to breakeven faster.

- **Nonprofit** – The Green Bank seeks to make 2 investments next year that are related to the nonprofit, including:

  - **PosiGen** – the Green Bank will invest another $2.5 million in Posigen's Connecticut business to further access to solar PV and energy efficiency in underserved LMI markets through a lease and ESA structure respectively. This will be directly leant to Posigen by the Green Bank and the Nonprofit will provide their expertise around outreach, engagement, and pricing to ensure Posigen is meeting targets and committing capital as expected.

  - **Solar PPA Fund** – the Green Bank will invest in a new Solar PPA Fund launched by the Nonprofit to serve underserved credits (e.g., nonprofits, housing authorities, etc.). In this transaction, the Nonprofit will be responsible for assembling the capital for the fund and providing project acquisition and underwriting assistance. Investment income from the Nonprofit will be reflected on the Green Bank's financial statements.

These investments are essential to providing the Green Bank a return that achieves the Sustainability Plan and continues to make progress towards breakeven.

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### Strategic Partners

Enclosed with the budget materials is a list of Strategic Partners for review, discussion, and reauthorization. These external partners have been reviewed and approved by the Budget & Operations Committee and are being recommended by the Budget & Operations Committee for Approval by the Board of Directors.

In the attached budget, for strategic partners, see the following page:

- S5 – Strategic Partners

These partners are key to the operations of the Green Bank and are well integrated in to our processes.

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## Conclusion

The sweeps of $32.6 million from the Green Bank through the Clean Energy Fund and RGGI allowance proceeds over FY 2018 and FY 2019 has had a significant adverse impact on the Green Bank. In order to address those sweeps, the Green Bank restructured itself according to a Sustainability Plan approved by its Board of Directors on December 15, 2017. As the Green Bank continues to implement this Sustainability Plan, the proposed FY 2019 budget includes a breakdown of the Investment and Incentive Businesses, as well as the expenses associated with covering the services being provided by the Nonprofit in support of the Green Bank's mission.

- **Investment Business** – the proposed FY 2019 budget for the Investment Business has significantly reduced operating expenses and dramatically increased revenues – supporting the Green Bank's priority pursuit of breakeven.

- **Incentive Business** – the proposed FY 2019 budget for the Incentive Business has the careful management of the SHREC securitization providing resources for the cost recovery of the RSIP administration.

- **Nonprofit** – the proposed FY 2019 budget for the Nonprofit results in reduced operating expenses to the Green Bank's Investment Business, supports the growing need for green energy in underserved markets, and provides a vehicle to attract private investment in Connecticut.

The proposed budget for FY 2019 is not only consistent with the Sustainability Plan, but if successfully implemented, this budget will result in less time and resources to get the Green Bank to breakeven.

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## Resolution

**WHEREAS**, as a result of the $32.6 million of sweeps of the Clean Energy Fund and Regional Greenhouse Gas Initiative allowance proceeds to the General Fund, the Board of Directors of the Connecticut Green Bank approved Sustainability Plan on December 15, 2017 directing staff to cut personnel, and non-personnel operating expenses, proactively manage cash balances, cancel and transfer commitments, and facilitate the creation of a nonprofit to further reduce the costs of managing existing Green Bank programs;

**WHEREAS**, the Fiscal Year 2019 Targets and Budget are in line with the previously approved Sustainability Plan; and

**WHEREAS**, the members of the Connecticut Green Bank Budget and Operations Committee individually recommended that the Green Bank Board of Directors approve the Fiscal Year 2019 Targets and Budget; and

**WHEREAS**, the members of the Budget and Operations Committee individually recommended that the Board of Directors authorizes Green Bank staff to extend the professional services agreements (PSAs) currently in place with the following, contingent upon a competitive bid process having occurred in the last three years (except MREN, Inc. (formerly Metis, Financial Network, Inc.) which will be in its fourth and final year of engagement with the Green Bank):

I. Adnet Technologies, LLC
II. Clean Power Research, LLC
III. Cortland Capital Market Services LLC
IV. Locus Energy LLC
V. MREN, Inc., (formerly METIS, Financial Network, Inc.)
VI. New Ecology, Inc.
VII. Strategic Environmental Associates, Inc.
VIII. Sustainable Real Estate Solutions, Inc.
IX. Wegowise, Inc.

For fiscal year 2019 with the amounts of each PSA not to exceed the applicable approved budget line item.

**NOW**, therefore be it:

**RESOLVED**, that the Connecticut Green Bank Board of Directors hereby approves: (1) the FY 2019 Targets and Budget, and (2) the nine PSAs listed above, as both items were recommended by the members Connecticut Green Bank Budget and Operations Committee.

**Connecticut Green Bank**
**FY 2019 Operating and Program Budget - DRAFT**
# Table of Contents

**Presented to the Board of Directors on June 28, 2018**

# Connecticut Green Bank
## FY 2019 Operations and Program Budget - DRAFT
## Statement of Revenues and General Operations and Program Expenses

| | FY19 Budget | | | FY18 Budget (Original) | | | FY18 YTD Actuals (Apr) |
|---|---|---|---|---|---|---|---|
| | General Operations | Programs | Total Operations & Programs | Total Operations & Programs | $ Incr / (Decr) | % Incr / (Decr) | Total Operations & Programs |
| **Revenues** | | | | | | | |
| Utility customer assessments | $ 25,969,100 | $ - | $ 25,969,100 | $ 26,311,000 | $ (341,900) | (1)% | $ 22,124,118 |
| Utility customer assessments - Sweep | (14,000,000) | - | (14,000,000) | - | (14,000,000) | 0 % | - |
| RGGI auction proceeds - renewables | 3,050,700 | - | 3,050,700 | 2,043,200 | 1,007,500 | 49 % | 2,621,808 |
| RGGI auction proceeds - Sweep | (2,300,000) | - | (2,300,000) | - | (2,300,000) | 0 % | (1,656,275) |
| Interest Income, cash received | 259,968 | 2,997,644 | 3,257,612 | 2,347,644 | 909,968 | 39 % | 2,271,088 |
| Interest Income, capitalized | - | 358,288 | 358,288 | 416,570 | (58,282) | (14)% | 313,540 |
| Investment Income from IPC | - | - | - | - | - | 0 % | - |
| Grant income (Federal Programs) | - | 98,507 | 98,507 | 49,326 | 49,181 | 100 % | 56,953 |
| Grant income (Private Foundations) | - | 200,000 | 200,000 | - | 200,000 | 0 % | 24,999 |
| Grant income (DEEP) | - | - | - | - | - | 0 % | 1,500,000 |
| REC sales, general | - | 843,059 | 843,059 | 1,303,734 | (460,674) | (35)% | 132,500 |
| REC Sales, SHREC program | - | 4,937,520 | 4,937,520 | 4,476,577 | 460,943 | 10 % | 2,259,250 |
| CPACE Loan closing fees | - | 135,000 | 135,000 | 100,000 | 35,000 | 35 % | 101,918 |
| Other income | 200,000 | 93,770 | 293,770 | 272,346 | 21,424 | 8 % | 435,258 |
| **Total Revenues:** | $ 13,179,768 | $ 9,663,788 | $ 22,843,556 | $ 37,320,397 | $ (14,476,841) | (39)% | $ 30,185,158 |
| **Expenses** | | | | | | | |
| Employee compensation | $ 923,362 | $ 3,223,392 | $ 4,146,754 | $ 5,389,420 | $ (1,242,666) | (23)% | $ 4,383,614 |
| Employee benefits - Pension | 558,634 | 1,950,152 | 2,508,786 | 2,911,381 | (402,595) | (14)% | 2,643,978 |
| Employee benefits - Insurance, Payroll Tax | 198,523 | 693,029 | 891,552 | 1,227,087 | (335,534) | (27)% | 845,671 |
| Temporary Employees | - | - | - | 22,150 | (22,150) | (100)% | 17,955 |
| Pension Expense | - | - | - | - | - | 0 % | - |
| Program development and administration | - | 2,702,650 | 2,702,650 | 3,942,726 | (1,240,076) | (31)% | 1,986,220 |
| IPC Fee Human Capital Component | - | 1,124,960 | 1,124,960 | - | 1,124,960 | 0 % | - |
| IPC Fee Program Expenses Component | - | 140,750 | 140,750 | - | 140,750 | 0 % | - |
| Marketing | 407,000 | 765,500 | 1,172,500 | 3,106,296 | (1,933,796) | (62)% | 1,158,060 |
| EM&V | 135,000 | 325,000 | 460,000 | 726,000 | (266,000) | (37)% | 377,520 |
| Consulting & advisory fees | 85,500 | 142,500 | 228,000 | 370,500 | (142,500) | (38)% | 115,803 |
| R&D expenditures | 40,000 | - | 40,000 | 810,000 | (770,000) | (95)% | 94,210 |
| Professional fees: legal and accounting | 209,950 | 217,500 | 427,450 | 477,950 | (50,500) | (11)% | 246,806 |
| Bond Issuance Costs | - | 88,889 | 88,889 | - | 88,889 | 0 % | - |
| Rent and location related expenses | 104,029 | 363,137 | 467,166 | 640,629 | (173,463) | (27)% | 462,797 |
| Office, computer & other expenses | 353,121 | 448,984 | 802,105 | 971,895 | (169,790) | (17)% | 605,157 |
| **Expenses before Financial Incentives:** | $ 3,015,118 | $ 12,186,444 | $ 15,201,562 | $ 20,596,034 | $ (5,394,471) | (26)% | $ 12,937,791 |
| **Financial Incentives** | | | | | | | |
| RSIP Financial Incentives | $ - | $ 12,746,354 | $ 12,746,354 | $ 11,669,079 | $ 1,077,275 | 9 % | $ 11,818,535 |
| Financial Incentives - Grants | - | 198,507 | 198,507 | 100,000 | 98,507 | 99 % | 48,461 |
| Interest Rate Buydowns - CGB Funds | - | 125,000 | 125,000 | 100,000 | 25,000 | 25 % | 997 |
| **Financial Incentives:** | $ - | $ 13,069,861 | $ 13,069,861 | $ 11,869,079 | $ 1,200,782 | 10 % | $ 11,867,992 |
| **Non-Operating Expenses** | | | | | | | |
| Provision for Loan Loss | $ - | $ 2,923,674 | $ 2,923,674 | $ 2,489,760 | $ 433,914 | 17 % | $ 537,126 |
| Interest Expense | - | 428,218 | 428,218 | 114,226 | 313,992 | 275 % | (25,130) |
| Interest Rate Buydowns - ARRA | - | 25,000 | 25,000 | 1,570,800 | (1,545,800) | (98)% | 4,081,005 |
| Bad Debt Expense | - | - | - | - | - | 0 % | - |
| Unrealized (Gain) / Loss | - | - | - | - | - | 0 % | - |
| Realized (Gain) / Loss | - | - | - | - | - | 0 % | 510,207 |
| **Non-Operating Expenses:** | $ - | $ 3,376,892 | $ 3,376,892 | $ 4,174,786 | $ (797,894) | (19)% | $ 5,103,208 |
| **Total Expenditures:** | $ 3,015,118 | $ 28,633,197 | $ 31,648,315 | $ 36,639,899 | $ (4,991,583) | (14)% | $ 29,908,992 |
| **Total Revenues over (under) Expenditures:** | | | **$ (8,804,759)** | **$ 680,498** | **$ (9,485,258)** | | $ 276,166 |

## Connecticut Green Bank
## FY 2019 Operations and Program Budget - DRAFT
## Statement of Revenues and General Operations and Program Expenses - INVESTMENT BUSINESS

| | FY19 Budget | | | FY18 Budget (Original) | | | FY18 YTD Actuals (Apr) |
|---|---|---|---|---|---|---|---|
| | General Operations | Programs | Total Operations & Programs | Total Operations & Programs | $ Incr / (Decr) | % Incr / (Decr) | Total Operations & Programs |
| **Revenues** | | | | | | | |
| Utility customer assessments | $ 25,969,100 | $ - | $ 25,969,100 | $ 26,311,000 | $ (341,900) | (1)% | $ 22,124,118 |
| Utility customer assessments - Sweep | (14,000,000) | - | (14,000,000) | - | (14,000,000) | 0 % | - |
| RGGI auction proceeds - renewables | 3,050,700 | - | 3,050,700 | 2,043,200 | 1,007,500 | 49 % | 2,621,808 |
| RGGI auction proceeds - Sweep | (2,300,000) | - | (2,300,000) | - | (2,300,000) | 0 % | (1,656,275) |
| Interest Income, cash received | 259,968 | 2,919,644 | 3,179,612 | 2,257,644 | 921,968 | 41 % | 2,197,972 |
| Interest Income, capitalized | - | 358,288 | 358,288 | 416,570 | (58,282) | (14)% | 313,540 |
| Investment Income from IPC | - | - | - | - | - | 0 % | - |
| Grant income (Federal Programs) | - | 98,507 | 98,507 | 49,326 | 49,181 | 100 % | 56,953 |
| Grant income (Private Foundations) | - | 200,000 | 200,000 | - | 200,000 | 0 % | 24,999 |
| Grant income (DEEP) | - | - | - | - | - | 0 % | 1,500,000 |
| REC sales, general | - | - | - | - | - | 0 % | - |
| REC Sales, SHREC program | - | - | - | - | - | 0 % | - |
| CPACE Loan closing fees | - | 135,000 | 135,000 | 100,000 | 35,000 | 35 % | 101,918 |
| Other income | 200,000 | 93,770 | 293,770 | 272,346 | 21,424 | 8 % | 435,258 |
| **Total Revenues:** | $ 13,179,768 | $ 3,805,208 | $ 16,984,976 | $ 31,450,086 | $ (14,465,110) | (46)% | $ 27,720,292 |
| **Expenses** | | | | | | | |
| Employee compensation | $ 923,362 | $ 2,149,453 | $ 3,072,815 | $ 4,451,448 | $ (1,378,633) | (31)% | $ 3,589,969 |
| Employee benefits - Pension | 558,634 | 1,300,419 | 1,859,053 | 2,404,136 | (545,083) | (23)% | 2,176,087 |
| Employee benefits - Insurance, Payroll Tax | 198,523 | 462,132 | 660,655 | 1,015,769 | (355,114) | (35)% | 698,266 |
| Temporary Employees | - | - | - | 16,075 | (16,075) | (100)% | 8,978 |
| Pension Expense | - | - | - | - | - | 0 % | - |
| Program development and administration | - | 1,292,650 | 1,292,650 | 2,092,726 | (800,076) | (38)% | 1,004,330 |
| IPC Fee Human Capital Component | - | 1,124,960 | 1,124,960 | - | 1,124,960 | 0 % | - |
| IPC Fee Program Expenses Component | - | 140,750 | 140,750 | - | 140,750 | 0 % | - |
| Marketing | 407,000 | 600,500 | 1,007,500 | 2,767,796 | (1,760,296) | (64)% | 1,125,751 |
| EM&V | 135,000 | 225,000 | 360,000 | 599,000 | (239,000) | (40)% | 360,420 |
| Consulting & advisory fees | 85,500 | 107,500 | 193,000 | 345,500 | (152,500) | (44)% | 114,203 |
| R&D expenditures | 40,000 | - | 40,000 | 810,000 | (770,000) | (95)% | 94,210 |
| Professional fees: legal and accounting | 209,950 | 202,500 | 412,450 | 447,950 | (35,500) | (8)% | 235,945 |
| Bond Issuance Costs | - | - | - | - | - | 0 % | - |
| Rent and location related expenses | 104,029 | 242,151 | 346,179 | 529,134 | (182,955) | (35)% | 379,992 |
| Office, computer & other expenses | 353,121 | 310,977 | 664,098 | 850,695 | (186,597) | (22)% | 522,418 |
| **Expenses before Financial Incentives:** | $ 3,015,118 | $ 8,158,992 | $ 11,174,111 | $ 16,330,229 | $ (5,156,119) | (32)% | $ 10,310,570 |
| **Financial Incentives** | | | | | | | |
| RSIP Financial Incentives | $ - | $ - | $ - | $ - | $ - | 0 % | $ - |
| Financial Incentives - Grants | - | 198,507 | 198,507 | 100,000 | 98,507 | 99 % | 48,461 |
| Interest Rate Buydowns - CGB Funds | - | 125,000 | 125,000 | 100,000 | 25,000 | 25 % | 997 |
| **Financial Incentives:** | $ - | $ 323,507 | $ 323,507 | $ 200,000 | $ 123,507 | 62 % | $ 49,458 |
| **Non-Operating Expenses** | | | | | | | |
| Provision for Loan Loss | $ - | $ 2,923,674 | $ 2,923,674 | $ 2,489,760 | $ 433,914 | 17 % | $ 537,126 |
| Interest Expense | - | 428,218 | 428,218 | 114,226 | 313,992 | 275 % | (25,130) |
| Interest Rate Buydowns - ARRA | - | 25,000 | 25,000 | 1,570,800 | (1,545,800) | (98)% | 4,081,005 |
| Bad Debt Expense | - | - | - | - | - | 0 % | - |
| Unrealized (Gain) / Loss | - | - | - | - | - | 0 % | - |
| Realized (Gain) / Loss | - | - | - | - | - | 0 % | 510,207 |
| **Non-Operating Expenses:** | $ - | $ 3,376,892 | $ 3,376,892 | $ 4,174,786 | $ (797,894) | (19)% | $ 5,103,208 |
| **Total Expenditures:** | $ 3,015,118 | $ 11,859,391 | $ 14,874,510 | $ 20,705,015 | $ (5,830,506) | (28)% | $ 15,463,236 |
| **Total Revenues over (under) Expenditures:** | | | **$ 2,110,467** | **$ 10,745,070** | **$ (8,634,604)** | | $ 12,257,056 |

# Connecticut Green Bank
## FY 2019 Operations and Program Budget - DRAFT
## Statement of Revenues and General Operations and Program Expenses - INCENTIVE BUSINESS

| | FY19 Budget | | | FY18 Budget (Original) | | | FY18 YTD Actuals (Apr) |
|---|---|---|---|---|---|---|---|
| | General Operations | Programs | Total Operations & Programs | Total Operations & Programs | $ Incr / (Decr) | % Incr / (Decr) | Total Operations & Programs |
| **Revenues** | | | | | | | |
| Utility customer assessments | $ - | $ - | $ - | $ - | $ - | 0 % | $ - |
| Utility customer assessments - Sweep | - | - | - | - | - | 0 % | - |
| RGGI auction proceeds - renewables | - | - | - | - | - | 0 % | - |
| RGGI auction proceeds - Sweep | - | - | - | - | - | 0 % | - |
| Interest Income, cash received | - | 78,000 | 78,000 | 90,000 | (12,000) | (13)% | 73,116 |
| Interest Income, capitalized | - | - | - | - | - | 0 % | - |
| Grant income (Federal Programs) | - | - | - | - | - | 0 % | - |
| Grant income (Private Foundations) | - | - | - | - | - | 0 % | - |
| Grant income (DEEP) | - | - | - | - | - | 0 % | - |
| REC sales, general | - | 843,059 | 843,059 | 1,303,734 | (460,674) | (35)% | 132,500 |
| REC Sales, SHREC program | - | 4,937,520 | 4,937,520 | 4,476,577 | 460,943 | 10 % | 2,259,250 |
| CPACE Loan closing fees | - | - | - | - | - | 0 % | - |
| Other income | - | - | - | - | - | 0 % | - |
| **Total Revenues:** | $ - | $ 5,858,580 | $ 5,858,580 | $ 5,870,311 | $ (11,731) | (0)% | $ 2,464,866 |
| **Expenses** | | | | | | | |
| Employee compensation | $ - | $ 1,073,939 | $ 1,073,939 | $ 937,972 | $ 135,967 | 14 % | $ 793,645 |
| Employee benefits - Pension | - | 649,733 | 649,733 | 507,245 | 142,488 | 28 % | 467,890 |
| Employee benefits - Insurance, Payroll Tax | - | 230,897 | 230,897 | 211,318 | 19,579 | 9 % | 147,405 |
| Temporary Employees | - | - | - | 6,075 | (6,075) | (100)% | 8,977 |
| Pension Expense | - | - | - | - | - | 0 % | - |
| Program development and administration | - | 1,410,000 | 1,410,000 | 1,850,000 | (440,000) | (24)% | 981,890 |
| Marketing | - | 165,000 | 165,000 | 338,500 | (173,500) | (51)% | 32,309 |
| EM&V | - | 100,000 | 100,000 | 127,000 | (27,000) | (21)% | 17,100 |
| Consulting & advisory fees | - | 35,000 | 35,000 | 25,000 | 10,000 | 40 % | 1,600 |
| R&D expenditures | - | - | - | - | - | 0 % | - |
| Professional fees: legal and accounting | - | 15,000 | 15,000 | 30,000 | (15,000) | (50)% | 10,861 |
| Bond Issuance Costs | - | 88,889 | 88,889 | - | 88,889 | 0 % | - |
| Rent and location related expenses | - | 120,987 | 120,987 | 111,495 | 9,492 | 9 % | 82,805 |
| Office, computer & other expenses | - | 138,007 | 138,007 | 121,200 | 16,807 | 14 % | 82,739 |
| **Expenses before Financial Incentives:** | $ - | $ 4,027,452 | $ 4,027,452 | $ 4,265,804 | $ (238,352) | (6)% | $ 2,627,222 |
| **Financial Incentives** | | | | | | | |
| RSIP Financial Incentives | $ - | $ 12,746,354 | $ 12,746,354 | $ 11,669,079 | $ 1,077,275 | 9 % | $ 11,818,535 |
| Financial Incentives - Grants | - | - | - | - | - | 0 % | - |
| Interest Rate Buydowns - CGB Funds | - | - | - | - | - | 0 % | - |
| **Financial Incentives:** | $ - | $ 12,746,354 | $ 12,746,354 | $ 11,669,079 | $ 1,077,275 | 9 % | $ 11,818,535 |
| **Non-Operating Expenses** | | | | | | | |
| Provision for Loan Loss | $ - | $ - | $ - | $ - | $ - | 0 % | $ - |
| Interest Expense | - | - | - | - | - | 0 % | - |
| Interest Rate Buydowns - ARRA | - | - | - | - | - | 0 % | - |
| Bad Debt Expense | - | - | - | - | - | 0 % | - |
| Unrealized (Gain) / Loss | - | - | - | - | - | 0 % | - |
| Realized (Gain) / Loss | - | - | - | - | - | 0 % | - |
| **Non-Operating Expenses:** | $ - | $ - | $ - | $ - | $ - | 0 % | $ - |
| **Total Expenditures:** | $ - | $ 16,773,806 | $ 16,773,806 | $ 15,934,883 | $ 838,922 | 5 % | $ 14,445,756 |
| **Total Revenues over (under) Expenditures:** | | | **$ (10,915,226)** | **$(10,064,572)** | **$ (850,654)** | | $ (11,980,891) |

# Connecticut Green Bank
## FY 2019 General Operations Budget - DRAFT
## Revenue Detail

| | FY19 Budget Total | FY18 Budget Original | FY18 YTD Actuals (Apr) Total |
|---|---|---|---|
| **Revenues** | | | |
| **Utility customer assessments** | $ 25,969,100 | $ 26,311,000 | $ 22,124,118 |
| **Utility customer assessments - Sweep** | (14,000,000) | - | - |
| **RGGI auction proceeds - renewables** | 3,050,700 | 2,043,200 | 965,534 |
| **RGGI auction proceeds - renewables - Sweep** | (2,300,000) | - | |
| **Interest Income - Cash Intercompany** | 64,544 | 61,447 | 52,448 |
| **Interest Income - Cash deposits** | 195,424 | 158,400 | 230,199 |
| **Interest Income - Delinquent CPACE payments** | - | - | 67 |
| **Interest Income - Capitalized construction interest** | 358,288 | 416,570 | 313,540 |
| **Interest Income - CPACE Warehouse, benefit assessments** | 1,271,250 | 732,592 | 644,935 |
| **Interest Income - Loan portfolio, other programs** | 1,296,801 | 940,603 | 967,999 |
| **Interest Income - CPACE Selldown Bonds** | 180,187 | 189,226 | 150,387 |
| **Interest Income - HA CPACE Promissory Notes** | 171,405 | 175,376 | 151,937 |
| **Interest Income - Solar lease I promissory notes, net** | 78,000 | 90,000 | 73,116 |
| **CPACE closing fees** | 135,000 | 100,000 | 101,918 |
| **Grant income (federal programs)** | 98,507 | 49,326 | 56,953 |
| **Grant income (DEEP)** | - | - | 1,500,000 |
| **Grant income (private foundations)** | 200,000 | - | 24,999 |
| **REC sales** | 843,059 | 1,303,734 | 132,500 |
| **REC sales to utilities under SHREC program** | 4,937,520 | 4,476,577 | 2,259,250 |
| **Other income - Programs** | 93,770 | 172,346 | 107,295 |
| **Other income - General** | 200,000 | 100,000 | 327,963 |
| **Total Sources of revenue:** | $ 22,843,556 | $ 37,320,397 | $ 30,185,158 |

# Connecticut Green Bank
## FY 2019 General Operations Budget - DRAFT
## Utility Customer Assessment Projections

| | FY19 Budget | FY18 Budget Original | FY18 Actuals (Apr) | (Under) / Over FY19 to FY18 Budget-Original | (Under) / Over FY18 Actual to Budget |
|---|---|---|---|---|---|
| July | $ 2,423,700 | $ 2,411,600 | $ 2,466,704 | $ 12,100 | $ 55,104 |
| August | 2,591,800 | 2,789,100 | 2,425,814 | (197,300) | (363,286) |
| September | 2,349,100 | 2,561,200 | 2,165,231 | (212,100) | (395,969) |
| October | 1,960,500 | 1,913,600 | 2,032,641 | 46,900 | 119,041 |
| November | 1,907,200 | 1,916,200 | 1,922,456 | (9,000) | 6,256 |
| December | 2,155,600 | 2,182,600 | 2,155,893 | (27,000) | (26,707) |
| January | 2,432,800 | 2,334,400 | 2,563,033 | 98,400 | 228,633 |
| February | 2,149,200 | 2,099,500 | 2,226,654 | 49,700 | 127,154 |
| March | 2,065,700 | 2,057,500 | 2,104,175 | 8,200 | 46,675 |
| April | 1,995,600 | 2,011,500 | 2,061,518 | (15,900) | 50,018 |
| May | 1,786,300 | 1,800,500 | | (14,200) | |
| June | 2,151,600 | 2,233,300 | | (81,700) | |
| Total assessments: | $ 25,969,100 | $ 26,311,000 | $ 22,124,118 | $ (341,900) | $ (153,082) |
| | | | | -1.3% | -1.0% |

# Connecticut Green Bank
## FY 2019 General Operations Budget - DRAFT
## RGGI Auction Receipts

| | FY19 Budget | FY18 Budget (Original) | FY18 FYTD Actuals (Apr) | (Under) / Over FY19 to FY18 Budget-Original | (Under) / Over FY18 Actual to FY18 Budget-Original |
|---|---|---|---|---|---|
| September Auction | $ 776,800 | $ 530,400 | $ 965,534 | $ 246,400 | $ 435,134 |
| December Auction | 761,800 | 505,200 | 843,455 | 256,600 | 338,255 |
| March Auction | 721,500 | 481,800 | 812,820 | 239,700 | 331,020 |
| June Auction | 790,600 | 525,800 | - | 264,800 | (525,800) |
| September Sweep | (776,800) | - | - | (776,800) | - |
| December Sweep | (761,800) | - | (843,455) | (761,800) | (843,455) |
| March Sweep | (721,500) | - | (812,820) | (721,500) | (812,820) |
| June Sweep | (39,900) | - | - | (39,900) | - |
| Total auction receipts: | $ 750,700 | $ 2,043,200 | $ 965,534 | $ (1,292,500) | $ (1,077,666) |
| | | | | -22.3% | 0.0% |

| | FY19 Budget | FY18 Budget (Original) | FY18 FYTD Actuals (Apr) | (Under) / Over FY19 to FY18 Budget-Original | (Under) / Over FY18 Actual to FY18 Budget-Original |
|---|---|---|---|---|---|
| Auction Proceeds | $ 3,050,700 | $ 2,043,200 | $ 2,621,808 | $ 1,007,500 | $ 578,608 |
| Sweep | (2,300,000) | - | (1,656,275) | (2,300,000) | (1,656,275) |
| Total auction receipts: | $ 750,700 | $ 2,043,200 | $ 965,534 | $ (1,292,500) | $ (1,077,666) |

# Connecticut Green Bank
## FY 2019 RSIP Budget - DRAFT
## REC Revenue

| | | FY19 Budget | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Tranche** | **Description** | **Fiscal Q1 2019** | **Fiscal Q2 2019** | **Fiscal Q3 2019** | **Fiscal Q4 2019** | **Total Fiscal 2019** | **FY18 Budget Original** | **FY18 Actuals (Apr)** |
| | **Generation Month** | **Calendar Q1 2018** | **Calendar Q2 2018** | **Calendar Q3 2018** | **Calendar Q4 2018** | **Total Calendar 2018** | | |
| SHREC T1 | P90 Generation (mWh) | 8,030.4 | 14,875.5 | 14,370.5 | 6,551.2 | 43,827.6 | | |
| SHREC T1 | Revenue @ $50 / mWh | $ 401,521 | $ 743,775 | $ 718,526 | $ 327,558 | $ 2,191,381 | | |
| SHREC T2 | P90 Generation (mWh) | 9,596.9 | 19,244.8 | 18,618.2 | 8,583.7 | 56,043.7 | | |
| SHREC T2 | Revenue @ $49 / mWh | $ 470,250 | $ 942,993 | $ 912,294 | $ 420,603 | $ 2,746,139 | | |
| | Total SHREC Revenue | $ 871,771 | $ 1,686,768 | $ 1,630,820 | $ 748,161 | $ 4,937,520 | $ 4,476,577 | $ 2,259,250 |
| | **Generation Month** | **Calendar Q1 2018** | **Calendar Q2 2018** | **Calendar Q3 2018** | **Calendar Q4 2018** | **Total Calendar 2018** | | |
| Non-SHREC Residential | Residential P90 Generation (mWh) | 7,337.2 | 12,585.1 | 12,267.9 | 6,078.7 | 38,269.0 | | |
| Non-SHREC Residential | YTD Residential P90 Generation (mWh) | 7,337.2 | 19,922.3 | 32,190.3 | 38,269.0 | 38,269.0 | | |
| Non-SHREC Residential | Revenue @ $18.25* / mWh | $ - | $ - | $ - | $ 698,409 | $ 698,409 | | |
| Non-SHREC Commercial | P90 Generation (mWh) | - | - | - | 15,000.0 | 15,000.0 | | |
| Non-SHREC Commercial | YTD Residential P90 Generation (mWh) | - | - | - | 15,000.0 | 15,000.0 | | |
| Non-SHREC Commercial | Revenue @ $10.713# / mWh | $ - | $ - | $ - | $ 160,651 | $ 160,651 | | |
| | Commission Expense | - | - | - | (16,000) | (16,000) | | |
| | Total Non-SHREC Revenue | $ - | $ - | $ - | $ 843,059 | $ 843,059 | $ 1,303,734 | $ 132,500 |

**Notes:**

* Resi Class 1 REC price based on 1 contract already sold @ $23/REC and 1 contract using current spot market prices. Staff is looking at locking in prices.

# C&I Class 1 REC price based on current market estimates @ $10.713/REC. Staff is looking at locking in prices.

## Connecticut Green Bank
## FY 2019 Operations and Program Budget - DRAFT
## Staffing Plan

| Position / Department | Name | FY19 Staffing Budget Hours | FY18 Staffing Budget Hours |
|---|---|---|---|
| Associate, Residential Programs | Basham, Emily | 2,080 | - |
| VP, Finance and Administration | Bellas, George | 2,080 | 2,080 |
| Associate Manager, Residential Programs | Buonannata, Joe | - | 2,080 |
| Manager of Evaluation Measurement and Verification | Charpentier, Lucy | 2,080 | 2,080 |
| Associate Director, Commercial & Industrial Programs | Clark, Anthony | 2,080 | 2,080 |
| Manager, Statutory & Infrastructure Programs | Colonis, Bill | 2,080 | 2,080 |
| Managing Director of Marketing | Connolly, Craig | 2,080 | 2,080 |
| Associate Director, Residential Programs, Multifamily | D'Agostino, John | - | 2,080 |
| Loan Investment Administrator | Duncan, Catherine | 2,080 | 2,080 |
| VP Commercial & Industrial Programs | Dykes, Mackey | 2,080 | 2,080 |
| General Counsel & Chief Legal Officer | Farnen, Brian | 2,080 | 2,080 |
| Senior Manager, Clean Energy Finance | Fidao, Laura | 2,080 | 2,080 |
| Contracts Administrator | French, Loyola | 2,080 | 2,080 |
| President & Chief Executive Officer | Garcia, Bryan | 2,080 | 2,080 |
| Associate Manager, Statutory & Infrastructure Programs | Hazlewood, Isabelle | 2,080 | 2,080 |
| Director, Clean Energy Finance | Healey, Ben | - | 2,080 |
| Managing Director, Statutory & Infrastructure Programs | Hedman, Dale | 2,080 | 2,080 |
| Executive Vice President and Chief Investment Officer | Hunter, Bert | 2,080 | 2,080 |
| Associate Manager, Marketing | Janecko, Andrea | 2,080 | 2,080 |
| Administrative Coordinator | Johnson, Barbara | 2,080 | 2,080 |
| VP, Human Resources (P/T) | Kaswan, Suzanne | 520 | 1,040 |
| Senior Manager & Senior Counsel, Commercial and Industrial Programs | Kovtunenko, Alex | 2,080 | 2,080 |
| Associate Manager, Statutory & Infrastructure Programs | Kranich, Ed | 2,080 | 2,080 |
| Senior Accountant (P/T) | Landry, Joe | 1,560 | 1,560 |
| Senior Associate, Commercial & Industrial Programs | Lembo-Buzzelli, Alysse | 2,080 | 2,080 |
| Senior Assistant, Statutory & Infrastructure Programs | Lewis, Lynne | 2,080 | 2,080 |
| Legislative Liaison & Senior Manager, Marketing | Macunas, Matt | 2,080 | 2,080 |
| Associate Director, Clean Energy Finance | Magalhaes, Christopher | - | 2,080 |
| Marketing Assistant, Marketing | Magnano, Tyler | - | 2,080 |
| Senior Associate, Statutory & Infrastructure Programs | McCarthy, Neil | - | 2,080 |
| Controller | Murphy, Jane | 2,080 | 2,080 |
| Vice President, Residential Programs | O'Neill, Kerry | - | 2,080 |
| Senior Manager, Statutory & Infrastructure Programs | Price, Selya | 2,080 | 2,080 |
| Manager, Residential Programs | Priest, Madeline | - | 2,080 |
| Senior Associate, Statutory & Infrastructure Programs | Pyne, Sara | 2,080 | 2,080 |

## Connecticut Green Bank
## FY 2019 Operations and Program Budget - DRAFT
### Staffing Plan

| Position / Department | Name | FY19 Staffing Budget Hours | FY18 Staffing Budget Hours |
|---|---|---|---|
| Associate Director, Statutory & Infrastructure Programs | Ross, Rick | - | 2,080 |
| Executive Assistant | Samuels, Cheryl | 2,080 | 2,080 |
| Associate Manager, Marketing | Schmitt, Robert | 2,080 | 2,080 |
| Director of Operations | Shrago, Eric | 2,080 | 2,080 |
| Senior Accountant | Soares, Natalia | 2,080 | 2,080 |
| Director, Multifamily Housing Programs | Stevenson, Kim | 2,080 | 2,080 |
| Associate Manager, Clean Energy Finance | Stewart, Fiona | 2,080 | 2,080 |
| Senior Associate, Marketing | Sturk, Rudy | 2,080 | 2,080 |
| Staff Accountant/Contracts Administrator (CI) | Turker, Irene | 2,080 | 2,080 |
| Senior Manager, Clean Energy Finance (Durational) | Venables, Louise | 2,080 | 2,080 |
| Senior Assistant, Statutory & Infrastructure Programs | Vigil, Marycruz | 2,080 | 2,080 |
| Associate Director, Marketing | Waters, Barbara | 2,080 | 2,080 |
| Associate Director, Clean Energy Finance | Yu, Mike | 2,080 | 2,080 |
| Senior Manager, Commercial & Industrial Programs | Zuba, Nick | 2,080 | 2,080 |
| | | 81,120 | 98,280 |
| **New Hires** | | | |
| Staff Accountant | | - | 2,080 |
| Program Assistant, Residential 1-4 programs (Contingent) | | - | 1,733 |
| Program Associate, Residential 1-4 programs (Durational) | | - | 1,907 |
| Senior Manager, CI&I - Institutional Programs (Contingent) | | - | 1,733 |
| | Total Hours: | 81,120 | 105,733 |
| | Total FTE's: | 39.00 | 50.83 |

| **Dollars:** | | | |
|---|---|---|---|
| CGB Employees | $ 3,968,186 | $ 5,072,399 | Incr / (Decr) |
| Subtotal: | $ 3,968,186 | $ 5,072,399 | $(1,104,213) |
| (1) Merit Pool | 119,046 | 144,933 | (25,887) |
| (2) Promotion Pool | 59,523 | 76,086 | (16,563) |
| Intern Pool-CGB | - | 96,000 | (96,000) |
| Total: | $ 4,146,754 | $ 5,389,418 | $(1,242,664) |

**Notes:**

(1) FY18 Merit Pool was dropped from 3% to 0% in the FY18 Revised Budget.

(2) FY18 Promotion Pool was dropped from 1% to 0.5% in the FY18 Revised Budget.

# Connecticut Green Bank
## FY 2019 Program Budget - DRAFT
### Program Loans

**Program Type - CGB portfolio loan (Asset) advances**

| Dept | Prg Code | Prg Name | Description | | Interest Rate | Term | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MultiFamily | 52250 | MF Programs | Pre Development Loan Fund-affordable and market rate housing-Sherpa | | 0.0% | 2 yrs | $ 90,000 | $ 90,000 | $ - | $ - | $ 180,000 | $ 129,000 | |
| MultiFamily | 52250 | MF Programs | Pre Development Loan Fund-marketrate housing-Navigator Loan | | | | - | - | - | - | - | 1,000,000 | |
| MultiFamily | 52250 | MF Programs | Catalyst Fund | | | | - | - | - | - | - | 5,000,000 | |
| MultiFamily | 52250 | MF Programs | Health and Safety Revolving Loan Fund | | | | - | - | - | - | - | 1,500,000 | |
| | | | | | | ***Total MultiFamily Program Loans:*** | ***$ 90,000*** | ***$ 90,000*** | ***$ -*** | ***$ -*** | ***$ 180,000*** | ***$ 7,629,000*** | |
| Resi 1-4 | 52220 | LMI Programs | Posigen - LMI solar PV Lease and EE financing - Term Loan 1 | | | | $ - | $ - | $ - | $ - | $ - | $ 619,000 | |
| Resi 1-4 | 52220 | LMI Programs | Posigen - LMI solar PV Lease and EE financing - Bridge to Term Loan 2 - | | | | - | - | - | - | - | (3,500,000) | |
| Resi 1-4 | 52220 | LMI Programs | Posigen - LMI solar PV Lease and EE financing - Term Loan 2 | | | | - | - | - | - | - | 5,000,000 | |
| Resi 1-4 | 52220 | LMI Programs | Posigen - LMI solar PV Lease and EE financing - Possible Term Loan 3 | | | | - | - | - | - | - | 1,253,600 | |
| Resi 1-4 | 52220 | LMI Programs | Posigen - LMI solar PV Lease and EE financing | | 5.0% | 10 yrs | 2,500,000 | - | - | - | 2,500,000 | - | |
| | | | | | | ***Total Resi 1-4 Program Loans:*** | ***$ 2,500,000*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ 2,500,000*** | ***$ 3,372,600*** | |
| S&I | 51200 | AD Pilot | Anaerobic Digester Pilot | Covanta Energy/Turning Earth LLC (Southington) | | | $ - | $ - | $ - | $ - | $ - | $ 4,013,000 | |
| S&I | 51300 | MicroGrid/CHP | MicroGrid program | Bridgeport MicroGrid LLC (Bridgeport Town Hall) | | | - | - | - | - | - | 503,000 | |
| | | | | | | ***Total S&I Program Loans:*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ 4,516,000*** | |
| CI&I | 51800 | CPACE | CGB Portfolio | Current & Future Pipeline | 6.05% | 18 yrs | $ 6,715,124 | $ 1,964,468 | $ 710,687 | $ 600,000 | $ 9,990,279 | $ 954,600 | |
| CI&I | 51800 | CPACE | Hannon Portfolio - CGB Subordinated Debt | Projects to be determined | | | - | - | - | - | - | 918,750 | |
| CI&I | 51800 | CPACE | Purchase of Hannon CPACE Portfolio | | 4.56% | 15 yrs | - | 5,300,000 | 8,200,000 | - | 13,500,000 | - | |
| CI&I | 51810 | New Product Dev. | Kresge Foundation Loan | Projects to be determined | 3.0% | 10 yrs | 300,000 | 900,000 | 900,000 | 900,000 | 3,000,000 | - | |
| CI&I | 51810 | New Product Dev. | ESA & CI&I pilot loans | Projects to be determined | 5.0% | 10 yrs | - | 100,000 | - | 100,000 | 200,000 | 1,000,000 | |
| CI&I | 51810 | New Product Dev. | DEEP MicroGrid Prog | Projects to be determined | | | - | - | - | - | - | 2,500,000 | |
| CI&I | 53002 | CGB SBEA LLC | Working Capital Loan | CGB SBEA LLC | | | - | - | - | - | - | 500,000 | |
| CI&I | 53002 | CGB SBEA LLC | Subordinated Debt | CGB SBEA LLC | | | - | - | - | - | - | 3,000,000 | |
| CI&I | 51800 | CPACE | Take out of Enhanced Capital position | CPACE-Cargill Falls Mill | | | - | - | - | - | - | 1,200,000 | |
| | | | | | | ***Total CI&I Program Loans:*** | ***$ 7,015,124*** | ***$ 8,264,468*** | ***$ 9,810,687*** | ***$ 1,600,000*** | ***$ 26,690,279*** | ***$ 10,073,350*** | |
| Finance | 52200 | CE Finance Prg | EV Bus Fleet | Bridgeport - twelve buses | | | $ - | $ - | $ - | $ - | $ - | $ 3,000,000 | |
| Finance | 52200 | CE Finance Prg | Subordinated Debt - Fuel Cell | FCE/ Triangle Street Danbury | 6.0% | 15 yrs | - | 3,000,000 | - | - | 3,000,000 | 5,047,000 | |
| Finance | 52200 | CE Finance Prg | Subordinated Debt - DEEP SCEF Pilot | Community Solar sites - TBD | | | - | - | - | - | - | 5,000,000 | |
| Finance | 52200 | CE Finance Prg | District Heating Loop | NuPower Thermal LLC | | | - | - | - | - | - | 272,000 | |
| Finance | 52200 | CE Finance Prg | Working capital loan to CEFIA Services | Capital contribution to CT SL3 | | | - | - | - | - | - | 14,882,644 | |
| Finance | 52200 | CE Finance Prg | Equity investment in IPC's Solar PPA Fund | Debt financing | 5.0% | 10 yrs | - | 1,500,000 | 1,000,000 | 1,000,000 | 3,500,000 | - | |
| | | | | | | ***Total CE Finance Program Loans:*** | ***$ -*** | ***$ 4,500,000*** | ***$ 1,000,000*** | ***$ 1,000,000*** | ***$ 6,500,000*** | ***$ 28,201,644*** | |
| | | | | | | ***Total of all Program Loans:*** | ***$ 9,605,124*** | ***$ 12,854,464*** | ***$ 10,810,687*** | ***$ 2,600,000*** | ***$ 35,870,279*** | ***$ 53,792,594*** | ***$ -*** |

**Program Type - CGB Loans: Provisions for Loan Losses**

| | Prob. | Ratio | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|
| ***Total MultiFamily Program Loans:*** | 100% | 100% | $ 90,000 | $ 90,000 | $ - | $ - | $ 180,000 | $ 457,740 | $ 225,200 |
| ***Total Resi 1-4 Program Loans:*** | 100% | 10% | 250,000 | - | - | - | 250,000 | 337,260 | 253,687 |
| ***Total S&I Program Loans:*** | 100% | 10% | - | - | - | - | - | 451,600 | 50,300 |
| ***Total CI&I Program Loans:*** | 85% | 10% | 596,286 | 702,480 | 833,908 | 136,000 | 2,268,674 | 244,235 | 130,834 |
| ***Total CE Finance Program Loans:*** | 75% | 10% | - | 225,000 | - | - | 225,000 | 998,925 | 378,525 |
| ***Total Other Program Loans:*** | | | - | - | - | - | - | - | (501,420) |
| ***Total Provision for Loan Losses:*** | | | ***$ 936,286*** | ***$ 1,017,480*** | ***$ 833,908*** | ***$ 136,000*** | ***$ 2,923,674*** | ***$ 2,489,760*** | ***$ 537,126*** |

**Program Type - Projected BAML Loan Drawdowns**

| Dept | Prg Code | Prg Name | Description | Interest Rate | Term | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CI&I | 53002 | CGB SBEA LLC | Subordinated Debt - SBEA | 1% | 10 | $ - | $ - | $ - | $ - | $ - | $ 3,000,000 | $ - |
| CI&I | 51800 | CPACE | Take out of Enhanced Capital position | 1% | 10 | - | - | - | - | - | 1,200,000 | - |
| Finance | 52200 | CE Finance Prg | EV Bus Fleet | 1% | 10 | - | - | - | - | - | 3,000,000 | - |
| Resi 1-4 | 52220 | LMI Programs | Posigen loans | 1% | 10 | - | - | - | - | - | 800,000 | - |
| | | | | | | $ - | $ - | $ - | $ - | $ - | $ 8,000,000 | $ - |

**Program Type - Interest Expense**

| Dept | Prg Code | Prg Name | Description | Interest Rate | Term | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Multi | 52251 | Multifamily | Multifamily-HDF/MacArthur Interest Expense - current $2.0m draw | 1% | 15 | $ - | $ 5,000 | $ - | $ 15,000 | $ 20,000 | $ 20,000 | $ 20,444 |
| Multi | 52251 | Multifamily | Multifamily-HDF/MacArthur Interest Expense- remaining $3.0m draw | 1% | 15 | - | 7,500 | - | 22,500 | 30,000 | 30,000 | - |
| CI&I | 53002 | CGB SBEA LLC | Subordinated Debt - SBEA | 1% | 10 | - | - | - | 7,500 | 7,500 | 11,250 | - |
| CI&I | 51800 | CPACE | Take out of Enhanced Capital position | | | - | - | - | - | - | 12,000 | - |
| Finance | 52200 | CE Finance Prg | EV Bus Fleet | | | - | - | - | - | - | 11,250 | - |
| Finance | 52200 | CE Finance Prg | Liberty/Webster SHREC Warehouse | 5% | MtoM | 153,750 | 180,000 | - | - | 333,750 | - | - |
| Resi 1-4 | 52220 | LMI Programs | Posigen loans | 1% | 10 | - | 2,000 | - | 6,000 | 8,000 | 8,000 | - |
| Finance | 52302 | CREB–Clean Rene | New England Hydro CREBs Interest expense | 1% | 20 | - | 7,242 | - | 21,726 | 28,968 | 21,726 | (45,575) |
| | | | | | | $ 153,750 | $ 201,742 | $ - | $ 72,726 | $ 428,218 | $ 114,226 | $ (25,130) |

## Connecticut Green Bank
## FY 2019 Program Budget - DRAFT
## Credit Enhancements

**Credit Enhancements - Loan Loss Reserves - ARRA Funds**

| Dept | Prg Code | Prg Name | Description | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|---|
| Multi | 52230 | CHIF PEL | CHIF/MPEL product | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Resi | 52210 | SmartE | CGB/Smart E loans | - | - | - | - | - | - | - |
| | | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

**Credit Enhancements - Loan Loss Reserves - DEEP Funds**

| Dept | Prg Code | Prg Name | Description | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|---|
| CI&I | 51810 | New Product Dev. | DEEP MicroGrid Prog | $ - | $ - | $ - | $ - | $ - | $ 500,000 | $ - |
| | | | | $ - | $ - | $ - | $ - | $ - | $ 500,000 | $ - |

**Credit Enhancements - Loan Loss Reserves - CGB Funds**

| Dept | Prg Code | Prg Name | Description | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|---|
| Resi | 52210 | SmartE | CGB/Smart E loans | $ 212,500 | $ 212,500 | $ 212,500 | $ 212,500 | $ 850,000 | $ 697,086 | $ - |
| Multi | 52230 | CHIF PEL | CHIF/MPEL product | 60,000 | 60,000 | - | - | 120,000 | 325,000 | - |
| Resi | 52215 | Resi New Products | Smart-e for EV's | - | - | - | - | - | 500,000 | - |
| | | | | $ 272,500 | $ 272,500 | $ 212,500 | $ 212,500 | $ 970,000 | $ 1,522,086 | $ - |

**Credit Enhancements - Interest rate Buydowns - ARRA Funds**

| Dept | Prg Code | Prg Name | Description | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|---|---|
| Resi | 52210 | SmartE | CGB/Smart E loans | $ 6,250 | $ 6,250 | $ 6,250 | $ 6,250 | $ 25,000 | $ 1,570,800 | $ 4,081,005 |
| Resi | 52101 | CT Solar Lease 2 | CT Solar Lease 2 LLC/Residential Solar PV leases | - | - | - | - | - | - | - |
| | | | | $ 6,250 | $ 6,250 | $ 6,250 | $ 6,250 | $ 25,000 | $ 1,570,800 | $ 4,081,005 |

**Credit Enhancements - Interest rate Buydowns - CGB Funds**

| Dept | Prg Code | Prg Name | Description | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget Original | FY18 Actual |
|---|---|---|---|---|---|---|---|---|---|---|
| CI&I | 53000 | CPACE-EOTL | Buydown of interest rate on CPACE loans/Energy on the Line program | $ - | $ - | $ - | $ - | $ - | $ 100,000 | $ - |
| CI&I | 51800 | CPACE | Discount on sales of loans to Hannon Armstrong | - | - | - | - | - | - | - |
| Resi | 52210 | SmartE | CGB/Smart E EV Loans | 62,500 | 62,500 | - | - | 125,000 | - | 997 |
| Multi | 52220 | Multifamily | Multifamily Interest Rate Buydowns | - | - | - | - | - | - | - |
| | | | | $ 62,500 | $ 62,500 | $ - | $ - | $ 125,000 | $ 100,000 | $ 997 |

# Connecticut Green Bank
## FY 2019 Program Budget - DRAFT
## Financial Incentives - Grants and Rebates

| Program Name | Description | FY19 Budget Q1 | FY19 Budget Q2 | FY19 Budget Q3 | FY19 Budget Q4 | FY19 Budget Total | FY18 Budget (Original) | FY18 Actuals (Apr) |
|---|---|---|---|---|---|---|---|---|
| RSIP | PBI Incentives | $ 2,794,503 | $ 1,277,804 | $ 1,661,775 | $ 2,812,272 | $ 8,546,354 | $ 4,645,191 | $ 7,198,444 |
| RSIP | PBI Early Pay-offs | - | - | - | - | - | 2,500,000 | 1,659,973 |
| RSIP | EPBB Incentives | 1,050,000 | 1,050,000 | 1,050,000 | 1,050,000 | 4,200,000 | 4,523,888 | 2,969,137 |
| RSIP | HOPBI Incentives | - | - | - | - | - | - | (9,020) |
| Grid-Tied RE | Legacy projects | - | - | - | - | - | 100,000 | - |
| Pre-FY2013 Programs | Legacy projects | 25,000 | 25,000 | 25,000 | 25,000 | 100,000 | - | - |
| Sunshot | Sunshot federal grant - contractors | 23,675 | 23,675 | 25,579 | 25,578 | 98,507 | - | 48,461 |
| LMI Programs | Hampshire Foundation Grant Spending | - | - | - | - | - | - | - |
| | | $ 3,893,178 | $ 2,376,479 | $ 2,762,354 | $ 3,912,850 | $ 12,944,861 | $ 11,769,079 | $ 11,866,996 |

# Connecticut Green Bank
## FY 2019 General Operations Budget - DRAFT
## Capital Expenditure Budget

| | FY19 Budget | FY18 Budget (Original) | FY18 FYTD Actuals (Apr-18) |
|---|---|---|---|
| **IT Hardware & Software** | | | |
| New/Replacement Desktops & Laptops | $ 30,000 | $ 30,000 | $ 7,976 |
| Phones | 15,000 | - | - |
| Firewalls and Traffic Analyzer | - | - | - |
| Other Capitalized IT Hardware | - | 20,000 | - |
| | $ 45,000 | $ 50,000 | $ 7,976 |
| **Office Furniture & Equipment** | | | |
| Rocky Hill-Cubicles/Furniture | $ - | $ 30,000 | $ - |
| Rocky Hill-Projector | - | - | - |
| | $ - | $ 30,000 | $ - |
| **Leasehold Improvements** | | | |
| Rocky Hill-Leasehold Improvements | $ - | $ 20,000 | $ - |
| Rocky Hill-Construction for Move to building 2 | - | - | 5,175 |
| Stamford Sign | - | 1,500 | - |
| Rocky Hill-Signage | - | 6,000 | - |
| | $ - | $ 27,500 | $ 5,175 |
| Total Capital Expenditures | $ 45,000 | $ 107,500 | $ 13,151 |

# Connecticut Green Bank
## FY 2019 General Operations Budget - DRAFT
### Strategic Partners

| Partner | Department | RFP | Year of RFP | Work Performed | FY19 Budget | FY18 Budget |
|---|---|---|---|---|---|---|
| Adnet Technologies, LLC | General Operations | Y | 2017 | IT Outsourcing | $ 400,000 | $ 400,000 |
| Clean Power Research, LLC | S&I | Y | 2016 | PowerClerk Software | 430,000 | 430,000 |
| Cortland Capital Services | CI&I | Y | 2013 | CPACE - Loan Servicing | 84,860 | 84,860 |
| Forsyth Street | R&D | Y | 2016 | Alternative financing Partners study | - | 125,000 |
| Locus Energy LLC | S&I | Y | 2016 | Revenue grade meters for PV Systems | 570,000 | 570,000 |
| METIS, Financial Network, Inc. | Resi | Y | 2014 | Resi Data Warehouse | 200,000 | 200,000 |
| New Ecology | Multifamily | Y | 2015 | Sherpa Loan Program administration | 248,000 | 248,000 |
| Opinion Dynamics | General Operations | Y | 2013 | EMV Consulting | - | 125,000 |
| Strategic Environmental Associates | General Operations | N | | EV Charging Carbon Offsets | 95,000 | 95,000 |
| Sustainable Real Estate Solutions, Inc. | CI&I | Y | 2012 | CPACE Third Party Administrator | 619,750 | 619,750 |
| CT Housing Coalition | Multifamily | N | | Multifamily Programs - Outreach and Training | - | 135,000 |
| Wegowise | Multifamily | Y | 2015 | Multifamily Programs - Benchmarking | 115,000 | 115,000 |
| | | | | | $ 2,762,610 | $ 3,147,610 |

## Connecticut Green Bank
## FY 2019 Operations Budget - DRAFT
## Program Administration Expenses - ICP

| | FY19 Budget | General Operations (52306) | Residential Smart-e | Residential LMI | Multifamily | Solar PPA Fund |
|---|---|---|---|---|---|---|
| **Administrative Expenses** | | | | | | |
| ***Compensation and benefits*** | | | | | | |
| - Salaries & Wages | $ 796,400 | $ - | $ 239,751 | $ 199,396 | $ 235,451 | $ 121,802 |
| - Employee Benefits | 318,560 | - | 95,901 | 79,758 | 94,180 | 48,721 |
| - Temporary employees | 10,000 | - | - | - | 10,000 | - |
| **Total Personnel Expense from IPC** | $ 1,124,960 | $ - | $ 335,652 | $ 279,154 | $ 339,631 | $ 170,523 |
| | | | | | | |
| ***Program development and administration*** | | | | | | |
| - Program development costs | - | - | - | - | - | - |
| - Program administration costs | - | - | - | - | - | - |
| - Technology support costs | 75,000 | - | 75,000 | - | - | - |
| - Project Inspection fees | 15,000 | - | - | - | 15,000 | - |
| ***EM&V*** | - | - | - | - | - | - |
| ***Marketing expenses*** | - | - | - | - | - | - |
| ***Legal expenses (BF to budget)*** | - | - | - | - | - | - |
| ***Other expenses*** | | | | | | |
| - Consulting/Advisory | - | - | - | - | - | - |
| - Subscriptions | - | - | - | - | - | - |
| - Training/education | 18,000 | 5,000 | 4,000 | 4,000 | 5,000 | - |
| - Training/education (Allocations) | - | (5,000) | 1,505 | 1,252 | 1,478 | 765 |
| Subtotal Training/education | 18,000 | - | 5,505 | 5,252 | 6,478 | 765 |
| - Travel,meeting& related expenses | 32,750 | 12,000 | 6,000 | 4,750 | 10,000 | - |
| - Travel,meeting& related expenses (Allocations) | - | (12,000) | 3,613 | 3,004 | 3,548 | 1,835 |
| Subtotal Travel,meeting& related expenses | 32,750 | - | 9,613 | 7,754 | 13,548 | 1,835 |
| ***Overhead Costs Allocated to Program:*** | | | | | | |
| *Rent and location related expenses* | | | | | | |
| - Rent/Utilities/Maintenance | - | - | - | - | - | - |
| - Telephone/Communications | - | - | - | - | - | - |
| - Depreciation FF&E | - | - | - | - | - | - |
| *Office, computer & other expenses* | | | | | | |
| - Office expense | - | - | - | - | - | - |
| - IT operations | - | - | - | - | - | - |
| **Program Expense from IPC** | $ 140,750 | $ - | $ 90,118 | $ 13,006 | $ 35,026 | $ 2,600 |
| **Total Program Administration Expense from ICP** | $ 1,265,710 | $ - | $ 425,770 | $ 292,160 | $ 374,657 | $ 173,123 |

**Investment and Incentive Segments Combined**

| Cash on hand at end of month (000 | Projected Jun-18 | Projected Jul-18 | Projected Aug-18 | Projected Sep-18 | Projected Oct-18 | Projected Nov-18 | Projected Dec-18 | Projected Jan-19 | Projected Feb-19 | Projected Mar-19 | Projected Apr-19 | Projected May-19 | Projected Jun-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Investment Segment | $ 19,457.2 | $ 23,975.4 | $ 23,786.8 | $ 23,896.2 | $ 23,712.7 | $ 22,439.7 | $ 9,175.4 | $ 10,544.0 | $ 3,756.9 | $ 3,711.6 | $ 4,576.9 | $ 4,970.8 | $ (3,094.1) |
| Incentive Segment | $ (6,898.5) | $ (9,201.6) | $ (12,537.0) | $ (13,179.3) | $ (13,821.7) | $ 11,428.2 | $ 10,785.9 | $ 10,203.5 | $ 9,974.2 | $ 9,316.7 | $ 8,734.3 | $ 8,081.4 | $ 24,018.4 |
| **Required $4 million cash** | | | | | | | | | | | | | |
| Combined | $ 12,558.7 | $ 14,773.9 | $ 11,249.9 | $ 10,716.8 | $ 9,891.1 | $ 33,867.9 | $ 19,961.3 | $ 20,747.6 | $ 13,731.1 | $ 13,028.3 | $ 13,311.2 | $ 13,052.2 | $ 20,924.2 |

# PROJECTED CASH FLOWS FOR THE INVESTMENT (CORE) SEGMENT

**Connecticut Green Bank -Investment Business**

| | Projection Assumptions | Projected Jun-18 | Projected Jul-18 | Projected Aug-18 | Projected Sep-18 | Projected Oct-18 | Projected Nov-18 | Projected Dec-18 | Projected Jan-19 | Projected Feb-19 | Projected Mar-19 | Projected Apr-19 | Projected May-19 | Projected Jun-19 | July 2018 to Jun 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1. Cash On Hand** | | | | | | | | | | | | | | | |
| [Beginning of month] | | $24,270.5 | $19,457.2 | $23,975.4 | $23,786.8 | $23,896.2 | $23,712.7 | $22,439.7 | $9,175.4 | $10,544.0 | $3,756.9 | $3,711.6 | $4,576.9 | $4,970.8 | $19,457.2 |
| **2. Cash Receipts** | | | | | | | | | | | | | | | |
| Receipts based on investments thru FY18 | 0.10% | 200.0 | 262.3 | 650.2 | 684.1 | 390.1 | 121.8 | 288.5 | 291.4 | 681.0 | 733.9 | 299.6 | 139.9 | 189.4 | $ 4,732.2 |
| Third party capital provider funds | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| RGGI Proceeds and ACP payments | | - | - | - | - | - | - | - | - | - | - | - | - | 750.7 | 750.7 |
| Receipts (P&I) on investmentsmade in FY19 | 5.00% | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payment Amortization ( Years) | 10.00 | | | | | | | | | | | | | | |
| SBC, net of sweep | | (11,790.0) | 2,423.7 | 2,591.8 | 2,349.1 | 1,960.5 | 1,907.2 | (4,844.4) | 2,432.8 | 2,149.2 | 2,065.7 | 1,995.6 | 1,786.3 | (4,848.4) | 11,969.1 |
| Growth rate for SBC | 0.00% | | | | | | | | | | | | | | |
| Repayment of WC Loans | | 2,900.0 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Kresge Loan | | - | - | 1,500.0 | - | - | 1,500.0 | - | - | - | - | - | - | - | 3,000.0 |
| Release of restricted cash back to unrestricted cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds from revolving credit facility | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Grant Income - Private Foundations | | - | - | - | - | - | - | - | 200.0 | - | - | - | - | - | 200.00 |
| DEEP Grant for Low Income and Multifamily | | - | 5,000.0 | - | - | - | - | - | - | - | - | - | - | - | 5,000.0 |
| Repayment of RSIP expenses paid by CORE | | 9,000.0 | 7,000.0 | - | - | - | - | - | - | - | - | - | - | 2,000.0 | 9,000.0 |
| **3. Total Cash Receipts** | | $ 310.0 | $ 14,686.0 | $ 4,742.0 | $ 3,033.2 | $ 2,350.6 | $ 3,529.0 | $ (4,555.9) | $ 2,924.2 | $ 2,830.2 | $ 2,799.6 | $ 2,295.2 | $ 1,926.2 | $ (1,908.3) | $ 34,652.0 |
| **4. Total Cash Available** | $0.00 | $ 24,580.5 | $ 34,143.2 | $ 28,717.5 | $ 26,820.0 | $ 26,246.8 | $ 27,241.8 | $ 17,883.8 | $ 12,099.6 | $ 13,374.2 | $ 6,556.5 | $ 6,006.7 | $ 6,503.1 | $ 3,062.5 | $ 54,109.2 |

# PROJECTED CASH FLOWS FOR THE INVESTMENT (CORE) SEGMENT

**Connecticut Green Bank -Investment Business**

| | Projection Assumptions | Projected Jun-18 | Projected Jul-18 | Projected Aug-18 | Projected Sep-18 | Projected Oct-18 | Projected Nov-18 | Projected Dec-18 | Projected Jan-19 | Projected Feb-19 | Projected Mar-19 | Projected Apr-19 | Projected May-19 | Projected Jun-19 | **July 2018 to Jun 2019** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **5. Cash Paid Out** | | | | | | | | | | | | | | | |
| Compensation and Benefits | 2.00% | 491.8 | 430.2 | 645.3 | 430.2 | 430.2 | 430.2 | 430.2 | 430.2 | 430.2 | 645.3 | 430.2 | 430.2 | 430.2 | 5,592.5 |
| Interest Expense | | - | 13.2 | 0.7 | 0.7 | 13.2 | 29.6 | 0.7 | 13.2 | 0.7 | 0.7 | 13.2 | 0.7 | 8.2 | 94.5 |
| Other administrative expenses | 2.00% | 400.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 354.0 | 4,248.4 |
| Financial Incentives - non RSIP | | 50.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 323.5 |
| Investments per Year | | 4,181.5 | 4,187.9 | 3,748.2 | 1,669.0 | 1,604.2 | 3,731.7 | 7,518.6 | 610.7 | 8,700.0 | 1,500.0 | 500.0 | 600.0 | 1,500.0 | 35,870.3 |
| Investments visa vis IPC | | - | 5,000.0 | - | - | - | - | - | - | - | - | - | - | - | 5,000.0 |
| Repayment of Revolving Credit Facility | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IPC Fee - Program Expense Component | | - | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 11.7 | 140.8 |
| IPC Fee - Human Capital Component | | - | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 93.7 | 1,125.0 |
| Subtotal | | **$ 5,123.3** | **$ 10,117.8** | **$ 4,880.6** | **$ 2,586.3** | **$ 2,534.1** | **$ 4,678.0** | **$ 8,435.9** | **$ 1,540.5** | **$ 9,617.3** | **$ 2,632.4** | **$ 1,429.8** | **$ 1,517.3** | **$ 2,424.8** | **$ 52,394.9** |
| Loan Principal Payment (Kresge) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Purchases | | - | - | - | 15.0 | - | - | - | 15.0 | - | - | - | 15.0 | - | 45.0 |
| Payment of Meriden Hydro CREBS P & I | | - | - | - | - | - | 124.1 | - | - | - | - | - | - | - | 124.1 |
| WC advance to CGB Meriden Hydro | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| WC advance to IPC | | - | 50.0 | 50.0 | 50.0 | - | - | - | - | - | - | - | - | - | 150.0 |
| Transfer to Restricted Cash - SCRF for CSCU CREBS | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Restricted Cash - LLRs | | - | - | - | 272.5 | - | - | 272.5 | - | - | 212.5 | - | - | 212.5 | 970.0 |
| SBC for Non-SHREC PBIs net of REC recovery | | - | - | - | - | - | - | - | - | - | - | - | - | 3,519.3 | 3,519.3 |
| **6. Total Cash Paid Out** | | **$5,123.3** | **$10,167.8** | **$4,930.6** | **$2,923.8** | **$2,534.1** | **$4,802.1** | **$8,708.4** | **$1,555.5** | **$9,617.3** | **$2,844.9** | **$1,429.8** | **$1,532.3** | **$6,156.6** | **$ 57,203.3** |
| **7. Cash Position** | | **$19,457.2** | **$23,975.4** | **$23,786.8** | **$23,896.2** | **$23,712.7** | **$22,439.7** | **$9,175.4** | **$10,544.0** | **$3,756.9** | **$3,711.6** | **$4,576.9** | **$4,970.8** | **$ (3,094.15)** | **$ (3,094.1)** |
| **CORE BUSINESS NET** | | **$ (691.83)** | **$ (521.90)** | **$ (349.09)** | **$ (100.16)** | **$ (394.10)** | **$ (662.39)** | **$ (495.71)** | **$ (492.87)** | **$ (103.24)** | **$ (265.41)** | **$ (484.66)** | **$ (644.29)** | **$ (594.86)** | **$ (6,233.7)** |

# PROJECTED ANNUAL CASH FLOW FROM INCENTIVE SEGMENT

**Connecticut Green Bank - Incentive Business** **By Month** **Summary**

| | | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | **July 2018 to** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Jun-18** | **Jul-18** | **Aug-18** | **Sep-18** | **Oct-18** | **Nov-18** | **Dec-18** | **Jan-19** | **Feb-19** | **Mar-19** | **Apr-19** | **May-19** | **Jun-19** | **June 2019** |
| **1. Cash On Hand** | | | | | | | | | | | | | | | |
| [Beginning of month] | | **$ (5,982.16)** | **$ (6,898.46)** | **$ (9,201.56)** | **$ (12,536.97)** | **$ (13,179.32)** | **$ (13,821.68)** | **$ 11,428.24** | **$ 10,785.89** | **$ 10,203.54** | **$ 9,974.20** | **$ 9,316.67** | **$ 8,734.32** | **$ 8,081.42** | **$ (6,898.46)** |
| **2. Cash Receipts** | | | | | | | | | | | | | | | |
| REC Sales - Non-SHREC | | 393.8 | - | - | - | - | - | - | - | - | | - | 843.1 | - | $ 843.1 |
| REC Sales - SHREC (not securitized) | | 280.5 | - | 872 | - | - | 1,687 | - | - | 1,631 | - | - | 748 | - | $ 4,937.5 |
| Proceeds - RBC SHREC term Loan | | - | - | - | - | - | 45,000 | - | - | - | - | - | - | | $ 45,000.0 |
| Proceeds - Webster/Liberty SHREC warehouse | | 9,000.0 | 7,000 | - | - | - | | - | - | - | - | - | - | 15,000 | $ 22,000.0 |
| SBC for Non-SHREC PBIs net of REC recovery | | - | - | - | - | - | - | - | - | - | - | - | - | 3,519.3 | $ 3,519.3 |
| **3. Total Cash Receipts** | | **9,674.3** | **7,000** | **$ 871.8** | **$ -** | **$ -** | **$ 46,686.8** | **$ -** | **$ -** | **$ 1,630.8** | **$ -** | **$ -** | **$ 1,591.2** | **$ 18,519.3** | **$ 76,299.8** |
| **4. Total Cash Available** | | **3,692.1** | **$ 101.5** | **$ (8,329.8)** | **$ (12,537.0)** | **$ (13,179.3)** | **$ 32,865.1** | **$ 11,428.2** | **$ 10,785.9** | **$ 11,834.4** | **$ 9,974.2** | **$ 9,316.7** | **$ 10,325.5** | **$ 26,600.7** | **$ 69,401.4** |
| **5. Cash Paid Out** | | | | | | | | | | | | | | | |
| Compensation and Benefits | % inflation | 120.4 | 150.4 | 225.5 | 150.4 | 150.4 | 150.4 | 150.4 | 150.4 | 150.4 | 225.5 | 150.4 | 150.4 | 150.4 | $ 1,954.6 |
| Interest | | - | - | - | - | - | - | - | - | - | - | - | - | - | $ - |
| Bond issuance costs | | - | - | - | - | - | 2,000 | - | - | - | - | - | - | - | $ 2,000.0 |
| Interest expense-warehouse | | - | 33.8 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | - | - | - | - | - | - | $ 333.8 |
| Other administrative expenses | % inflation | 40.0 | 482.0 | 682.0 | 82.0 | 82.0 | 82.0 | 82.0 | 82.0 | 82.0 | 82.0 | 82.0 | 82.0 | 82.0 | $ 1,984.0 |
| Total Administrative Expenses | | 160.4 | 666.1 | 967.5 | 292.4 | 292.4 | 2,292.4 | 292.4 | 232.4 | 232.4 | 307.5 | 232.4 | 232.4 | 232.4 | $ 6,272.3 |

# PROJECTED ANNUAL CASH FLOW FROM INCENTIVE SEGMENT

| Connecticut Green Bank - Incentive Business | By Month | | | | | | | | | | | | | Summary |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | Projected | July 2018 to |
| | **Jun-18** | **Jul-18** | **Aug-18** | **Sep-18** | **Oct-18** | **Nov-18** | **Dec-18** | **Jan-19** | **Feb-19** | **Mar-19** | **Apr-19** | **May-19** | **Jun-19** | **June 2019** |
| Financial Incentives PBI SHREC | 533.5 | 604.9 | 1,358.1 | - | - | 1,313.4 | - | - | 600.6 | - | - | 781.0 | - | $ 4,658.0 |
| Financial Incentives PBI NON SHREC | 601.6 | 682.1 | 1,531.5 | - | - | 1,481.1 | - | - | 677.2 | - | - | 880.7 | - | $ 5,252.7 |
| Financial Incentives EPBB | 295.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | $ 4,200.0 |
| Total Incentives | 1,430.1 | 1,637.0 | 3,239.7 | 350.0 | 350.0 | 3,144.5 | 350.0 | 350.0 | 1,627.8 | 350.0 | 350.0 | 2,011.8 | 350.0 | $ 14,110.7 |
| Subtotal | **1,590.6** | **$ 2,303.1** | **$ 4,207.2** | **$ 642.4** | **$ 642.4** | **$ 5,436.9** | **$ 642.4** | **$ 582.4** | **$ 1,860.2** | **$ 657.5** | **$ 582.4** | **$ 2,244.1** | **$ 582.4** | **$ 20,383.1** |
| Reimburse CORE for RSIP expenses paid | 9,000.0 | 7,000 | - | - | - | | - | - | - | - | - | - | 2,000 | $ 9,000.0 |
| Repayment of Webster/Liberty SHREC warehc | - | - | - | - | - | 16,000 | - | - | - | - | - | - | | $ 16,000.0 |
| **6. Total Cash Paid Out** | **10,590.6** | **9,303.1** | **4,207.2** | **642.4** | **642.4** | **21,436.9** | **642.4** | **582.4** | **1,860.2** | **657.5** | **582.4** | **2,244.1** | **2,582.4** | **45,383.1** |
| **7. Net Cash Position** | **(6,898.5)** | **$ (9,201.6)** | **$ (12,537.0)** | **$ (13,179.3)** | **$ (13,821.7)** | **$ 11,428.2** | **$ 10,785.9** | **$ 10,203.5** | **$ 9,974.2** | **$ 9,316.7** | **$ 8,734.3** | **$ 8,081.4** | **$ 24,018.4** | **$ 24,018.3** |

## Investment and Incentive Segments Combined
### Cash on hand at end of month (000's)

| | Projected Jun-18 | Projected Jun-19 | Projected FY20 | Projected FY21 | Projected FY22 | Projected FY23 | Projected FY24 | Projected FY25 | Projected FY26 | Projected FY27 | Projected FY28 | Projected FY29 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Investment Segment | $19,457.2 | $ (3,094.1) | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 |
| Incentive Segment | $ (6,898.5) | $24,018.4 | $24,555.5 | $24,075.5 | $24,026.6 | $24,362.5 | $24,761.6 | $25,146.0 | $25,515.5 | $25,869.9 | $26,208.9 | $26,532.5 |
| **Required $4 million cash** | | | | | | | | | | | | |
| Combined | $12,558.7 | $20,924.2 | $28,555.5 | $28,075.5 | $28,026.6 | $28,362.5 | $28,761.6 | $29,146.0 | $29,515.5 | $29,869.9 | $30,208.9 | $30,532.5 |

# PROJECTED CASH FLOWS FOR THE INVESTMENT (CORE) SEGMENT

**Connecticut Green Bank -Investment Business**

| | Projection Assumptions | Summary Nov 2017 to Jun 2018 | Summary July 2018 to Jun 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | $ - | - Further Non-Personnel Related Operating Expense Reductions | | | | | | | | | | |
| | | | $ 1,125 | $ 1,240 | $ 1,240 | $ 620 | $ 620 | $ 620 | $ - | $ - | $ - | $ - | $ - | |
| | | | | x | - Current Law ( if yes, then "x") | | | | | | | | | |
| **1. Cash On Hand** | | | | | | | | | | | | | | |
| [Beginning of month] | | $13,450.0 | $19,457.2 | -$3,094.1 | $4,000.0 | $4,000.0 | $4,000.0 | $4,000.0 | $4,000.0 | $4,000.0 | $4,000.0 | $4,000.0 | $4,000.0 | |
| **2. Cash Receipts** | | | | | | | | | | | | | | |
| Receipts based on investments thru FY18 | 0.10% | 5,684.9 | $ 4,732.2 | $ 4,737.0 | $ 4,741.7 | $ 4,746.4 | $ 4,751.2 | $ 4,755.9 | $ 4,760.7 | $ 4,765.5 | $ 4,770.2 | $ 4,775.0 | $ 4,779.8 | $52,315.5 |
| Third party capital provider funds | | - | - | - | - | - | - | - | - | - | - | - | - | |
| RGGI Proceeds and ACP payments | | 1,276.8 | 750.7 | 3,000.0 | 3,000.0 | 3,000.0 | 3,000.0 | 3,000.0 | 3,000.0 | 3,000.0 | 3,000.0 | 3,000.0 | 3,000.0 | $30,750.7 |
| Receipts (P&I) on investmentsmade in FY19 | 5.00% | | - | 3,762.5 | 5,977.2 | 9,514.7 | 13,804.2 | 18,499.1 | 23,774.9 | 29,786.8 | 36,354.9 | 43,745.0 | 52,257.1 | $237,476.4 |
| Payment Amortization ( Years) | 10.00 | | | | | | | | | | | | | |
| SBC, net of sweep | | 3,342.6 | 11,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | 25,969.1 | $271,660.1 |
| Growth rate for SBC | 0.00% | | | | | | | | | | | | | |
| Repayment of WC Loans | | 3,135.1 | - | - | - | - | - | - | - | - | - | - | - | $0.0 |
| Kresge Loan | | - | 3,000.0 | - | - | - | - | - | - | - | - | - | - | $3,000.0 |
| Release of restricted cash back to unrestricted cash | | 269.0 | - | - | - | - | - | - | - | - | - | - | - | $0.0 |
| Proceeds from revolving credit facility | | - | - | - | - | - | - | - | - | - | - | - | - | $0.0 |
| Grant Income - Private Foundations | | - | 200.00 | - | - | - | - | - | - | - | - | - | - | $200.0 |
| DEEP Grant for Low Income and Multifamily | | - | 5,000.0 | - | - | - | - | - | - | - | - | - | - | $5,000.0 |
| Repayment of RSIP expenses paid by CORE | | 9,000.0 | 9,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | - | - | - | - | - | - | - | $12,000.0 |
| **3. Total Cash Receipts** | | $ 22,708.4 | $ 34,652.0 | $ 38,468.5 | $ 40,688.0 | $ 44,230.2 | $ 47,524.5 | $ 52,224.1 | $ 57,504.7 | $ 63,521.4 | $ 70,094.3 | $ 77,489.1 | $ 86,006.0 | $612,402.7 |
| **4. Total Cash Available** | $0.00 | $ 36,158.4 | $ 54,109.2 | $ 35,374.4 | $ 44,688.0 | $ 48,230.2 | $ 51,524.5 | $ 56,224.1 | $ 61,504.7 | $ 67,521.4 | $ 74,094.3 | $ 81,489.1 | $ 90,006.0 | |
| **5. Cash Paid Out** | | | | | | | | | | | | | | |
| Compensation and Benefits | 2.00% | 4,833.4 | 5,592.5 | 5,704 | 5,818 | 5,935 | 6,054 | 6,175 | 6,298 | 6,424 | 6,553 | 6,684 | 6,817 | $68,053.8 |
| Interest Expense | | - | 94.5 | - | - | - | - | - | - | - | - | - | - | $94.5 |
| Other administrative expenses | 2.00% | 3,125.3 | 4,248.4 | 4,333 | 4,420 | 4,508 | 4,599 | 4,691 | 4,784 | 4,880 | 4,978 | 5,077 | 5,179 | $51,697.6 |
| Financial Incentives - non RSIP | | 50.0 | 323.5 | - | - | - | - | - | - | - | - | - | - | $323.5 |
| Investments per Year | | 6,403.8 | 35,870.3 | 17,102 | 27,316 | 33,122 | 36,252 | 40,739 | 46,422 | 50,717 | 57,064 | 65,728 | 74,010 | $484,343.0 |
| Investments visa vis IPC | | - | 5,000.0 | - | - | - | - | - | - | - | - | - | - | $5,000.0 |
| Repayment of Revolving Credit Facility | | - | - | - | - | - | - | - | - | - | - | - | - | $0.0 |
| IPC Fee - Program Expense Component | | - | 140.8 | - | - | - | - | - | - | - | - | - | - | $140.8 |
| IPC Fee - Human Capital Component | | - | 1,125.0 | 1,240 | 1,240 | 620 | 620 | 620 | - | - | - | - | - | $5,465.0 |
| Subtotal | | $ 14,412.5 | $ 52,394.9 | $ 28,379.5 | $ 38,794.0 | $ 44,185.8 | $ 47,524.5 | $ 52,224.1 | $ 57,504.7 | $ 62,021.4 | $ 68,594.3 | $ 77,489.1 | $ 86,006.0 | $615,118.1 |
| Loan Principal Payment (Kresge) | | - | - | - | - | - | - | - | - | 1,500.0 | 1,500.0 | - | - | $3,000.00 |
| Capital Purchases | | - | 45.0 | - | - | - | - | - | - | - | - | - | - | $90.00 |
| Payment of Meriden Hydro CREBS P & I | | 64.0 | 124.1 | - | - | - | - | - | - | - | - | - | - | $312.17 |
| WC advance to CGB Meriden Hydro | | 57.3 | - | - | - | - | - | - | - | - | - | - | - | $57.30 |
| WC advance to IPC | | - | 150.0 | - | - | - | - | - | - | - | - | - | - | $300.00 |
| Transfer to Restricted Cash - SCRF for CSCU CREBS | | 962.2 | - | - | - | - | - | - | - | - | - | - | - | $962.16 |
| Transfer to Restricted Cash - LLRs | | 1,205.3 | 970.0 | - | - | - | - | - | - | - | - | - | - | $3,145.30 |
| SBC for Non-SHREC PBIs net of REC recovery | | - | 3,519.3 | 2,995.0 | 1,894.0 | 44.5 | - | - | - | - | - | - | - | $11,971.97 |
| **6. Total Cash Paid Out** | | $16,701.2 | $ 57,203.3 | $ 31,374.4 | $ 40,688.0 | $ 44,230.2 | $ 47,524.5 | $ 52,224.1 | $ 57,504.7 | $ 63,521.4 | $ 70,094.3 | $ 77,489.1 | $ 86,006.0 | $718,465.64 |
| **7. Cash Position** | | $19,457.2 | $ (3,094.10) | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | $ 4,000.0 | |
| **CORE BUSINESS NET** | | $ (2,273.78) | $ (6,233.7) | $ (2,778.3) | $ (759.6) | $ 3,197.9 | $ 7,283.3 | $ 11,769.8 | $ 17,453.1 | $ 23,248.1 | $ 29,594.9 | $ 36,759.2 | $ 45,040.8 | |

# PROJECTED ANNUAL CASH FLOW FROM INCENTIVE SEGMENT

**Connecticut Green Bank - Incentive Business**

| | | Summary Nov 2017 to June 2018 | Summary July 2018 to June 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1. Cash On Hand** | | | | | | | | | | | | | | |
| [Beginning of month] | | $0.00 | $ (6,898.46) | $24,018.32 | $24,555.46 | $24,075.47 | $24,026.62 | $24,362.45 | $24,761.61 | $25,146.02 | $25,515.50 | $25,869.87 | $26,208.94 | |
| **2. Cash Receipts** | | | | | | | | | | | | | | |
| REC Sales - Non-SHREC | | $ 528.8 | $ 843.1 | $ 853.3 | $ 922.9 | $ 918.3 | $ 913.7 | $ 909.2 | $ 904.6 | $ 900.1 | $ 895.6 | $ 891.1 | $ 886.7 | $ 9,839 |
| REC Sales - SHREC (not securitized) | | $ 1,858.6 | $ 4,937.5 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 4,938 |
| Proceeds - RBC SHREC term Loan | | $ - | $ 45,000.0 | $ 18,000.0 | $ 16,500.0 | $ 15,000.0 | $ 8,424.7 | $ 6,683.5 | $ 4,530.8 | $ 2,816.7 | $ 1,114.9 | $ 128.7 | $ - | $ 118,199 |
| Proceeds - Webster/Liberty SHREC warehouse | | $ 9,000.0 | $ 22,000.0 | | | | | | | | | | | $ 22,000 |
| SBC for Non-SHREC PBIs net of REC recovery | | $ - | $ 3,519.3 | $ 2,995.0 | $ 1,894.0 | $ 44.5 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 8,453 |
| **3. Total Cash Receipts** | | **$ 11,387.3** | **$ 76,299.8** | **$ 21,848.2** | **$ 19,316.9** | **$ 15,962.8** | **$ 9,338.5** | **$ 7,592.6** | **$ 5,435.4** | **$ 3,716.7** | **$ 2,010.4** | **$ 1,019.8** | **$ 886.7** | $ 163,428 |
| **4. Total Cash Available** | | **$ 11,387.3** | **$ 69,401.4** | **$ 45,866.6** | **$ 43,872.4** | **$ 40,038.3** | **$ 33,365.1** | **$ 31,955.1** | **$ 30,197.0** | **$ 28,862.8** | **$ 27,525.9** | **$ 26,889.7** | **$ 27,095.6** | |
| **5. Cash Paid Out** | | | | | | | | | | | | | | |
| Compensation and Benefits | 2 % inflation | $ 1,085.9 | $ 1,954.6 | $ 1,993.7 | $ 2,033.5 | $ 2,074.2 | $ 350.0 | $ 357.0 | $ 364.1 | $ 371.4 | $ 378.9 | $ 386.4 | $ 394.2 | $ 10,658 |
| Interest | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Bond issuance costs | | $ - | $ 2,000.0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 2,000 |
| Interest expense-warehouse | | $ - | $ 333.8 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 334 |
| Other administrative expenses | 2 % inflation | $ 250.3 | $ 1,984.0 | $ 2,023.7 | $ 2,064.2 | $ 2,105.4 | $ 150.0 | $ 153.0 | $ 156.1 | $ 159.2 | $ 162.4 | $ 165.6 | $ 168.9 | $ 9,292 |
| Total Administrative Expenses | | $ 1,336.1 | $ 6,272.3 | $ 4,017.3 | $ 4,097.7 | $ 4,179.6 | $ 500.0 | $ 510.0 | $ 520.2 | $ 530.6 | $ 541.2 | $ 552.0 | $ 563.1 | $ 22,284 |
| Financial Incentives PBI SHREC | | $ 2,333.2 | $ 4,658.0 | $ 8,202.3 | $ 9,900.6 | $ 9,869.2 | $ 8,424.7 | $ 6,683.5 | $ 4,530.8 | $ 2,816.7 | $ 1,114.9 | $ 128.7 | $ - | $ 56,329 |
| Financial Incentives PBI NON SHREC | | $ 3,193.9 | $ 5,252.7 | $ 3,848.2 | $ 2,816.9 | $ 962.8 | $ 77.9 | $ - | $ - | $ - | $ - | $ - | $ - | $ 12,959 |
| Financial Incentives EPBB | | $ 2,422.5 | $ 4,200.0 | $ 4,243.2 | $ 1,981.8 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 10,425 |
| Total Incentives | | $ 7,949.6 | $ 14,110.7 | $ 16,293.8 | $ 14,699.2 | $ 10,832.0 | $ 8,502.6 | $ 6,683.5 | $ 4,530.8 | $ 2,816.7 | $ 1,114.9 | $ 128.7 | $ - | $ 79,713 |
| Subtotal | | **$ 9,285.8** | **$ 20,383.1** | **$ 20,311.1** | **$ 18,796.9** | **$ 15,011.6** | **$ 9,002.6** | **$ 7,193.5** | **$ 5,051.0** | **$ 3,347.3** | **$ 1,656.1** | **$ 680.8** | **$ 563.1** | $ 101,997 |
| Reimburse CORE for RSIP expenses paid | | $ 9,000.0 | $ 9,000.0 | $ 1,000.0 | $ 1,000.0 | $ 1,000.0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 12,000 |
| Repayment of Webster/Liberty SHREC warehouse | | $ - | $ 16,000.0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 16,000 |
| **6. Total Cash Paid Out** | | **18,285.8** | **45,383.1** | **21,311.1** | **19,796.9** | **16,011.6** | **9,002.6** | **7,193.5** | **5,051.0** | **3,347.3** | **1,656.1** | **680.8** | **563.1** | $ 129,997 |
| **7. Net Cash Position** | | **$ (6,898.5)** | **$ 24,018.3** | **$ 24,555.5** | **$ 24,075.5** | **$ 24,026.6** | **$ 24,362.5** | **$ 24,761.6** | **$ 25,146.0** | **$ 25,515.5** | **$ 25,869.9** | **$ 26,208.9** | **$ 26,532.5** | |

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CONNECTICUT
GREEN BANK

# Memo

**To:** Board of Directors

**From:** George Bellas (Vice President of Finance and Administration), Brian Farnen (General Counsel and CLO), Bryan Garcia (President and CEO), Bert Hunter (EVP and CIO), and Eric Shrago (Director of Operations)

**CC:** Mackey Dykes (Vice President of CI&I Programs and Officer), Ben Healey (Director of Clean Energy Finance), Dale Hedman (MD of Infrastructure Programs), and Kerry O'Neill (VP of Residential Programs)

**Date:** June 28, 2018

**Re:** Final Questions and Answers – Connecticut Green Bank Sustainability Plan and the Nonprofit

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## Summary

As the Connecticut Green Bank ("Green Bank") continues to implement its Sustainability Plan,[1] the Board of Directors has requested answers to a final set of questions with regards to the Green Bank and the Nonprofit before it votes on approving the agreements between the Green Bank and the Nonprofit. This memo provides the answers to these outstanding questions.

## Connecticut Green Bank

There were a number of questions raised by the Board of Directors with respect to the Sustainability Plan, financial position, Special Capital Reserve Fund ("SCRF"), and authority the Green Bank has in creating a Nonprofit. The responses to these questions are below.

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### Sustainability Plan

- **Cash Flow** – What is the cash flow position now? 6 months from now? A year from now? Beyond (if so, how long)?

[1] See 'Sustainability Pathway – FY 2018, FY 2019, and Beyond" memo dated December 15, 2017.

The Green Bank expects to end FY 2018 with $12.5 million in cash.[2] Staff forecast balances of $20 million in December 2018 and $21 million in June 2019. Staff project a cash balance of $28 million or greater at fiscal yearend starting in June 2020.

- **<u>Breakeven</u>** – When does the Connecticut Green Bank achieve cash breakeven?

Beyond the monthly cash flow for FY 2019, several members of the Board of Directors have requested future cash flow projections to assess the state of the Sustainability Plan and the Green Bank pursuit of breakeven for the Investment Business – see Tables 1 and 2.[3][4]

**Table 1. Sustainability Plan vs. FY 2019 Budget to Breakeven**

| **Scenario** | **FY 2019 Operating Expenses** ($ MM's) | **Years to Breakeven** | **Year of Breakeven** | **Cumulative Cash Flow Prior to Breakeven** ($ MM's) |
|---|---|---|---|---|
| Sustainability Plan | ($11.87) | 4 | 2022 | ($14.3) |
| FY 2019 Budget | ($11.20) | 4 | 2022 | ($9.8) |

Under the best-case scenario – where the current law prevails (i.e., sweeps to the Green Bank cease starting in FY 2020) – the Green Bank would breakeven in 4 years in 2022 at a cost of $9.8 million with the FY 2019 budget approval.

**Table 2. Sustainability Plan vs. FY 2019 Budget to Breakeven with a Change in the Law**

| **Scenario** | **FY 2019 Operating Expenses** ($ MM's) | **Years to Breakeven** | **Year of Breakeven** | **Cumulative Cash Flow Prior to Breakeven** ($ MM's) |
|---|---|---|---|---|
| Sustainability Plan w/Δ Law[5] | ($11.87) | 7 | 2025 | ($21.6) |
| FY 2019 Budget w/Δ Law | ($11.20) | 6 | 2024 | ($12.2) |

Under the worst-case scenario – where the sweeps persist beyond FY 2019 – the Green Bank would breakeven in 6 years in 2024 at a cost of $12.2 million with the FY 2019 budget approval.

The proposed budget for FY 2019 is not only consistent with the Sustainability Plan approved by the Board of Directors on December 15, 2017,[6] but if successfully implemented, this budget will result in less time and resources to get the Green Bank to breakeven.

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[2] $12.5 million ending cash balance (i.e., as a result of the $14.0 million in sweeps of the Clean Energy Fund) depends on closing and drawing SHREC Warehouse funding facility in the amount of ~$9 million, otherwise, cash balance could be as low as ~$3.5 million.

[3] It should be noted that staff has used a modified version of a cash flow model provided by Commissioner Smith to assess different breakeven scenarios.

[4] It should be noted that since the Incentive Business is "cost recovered" through the public policy that allows the Green Bank to recover its administrative expenses, incentives, and financing costs, that breakeven, per the Sustainability Plan is only focused on the Investment Business.

[5] Assumes the current law sweeping the Clean Energy Fund and RGGI allowance proceeds for FY 2018 and FY 2019 changes (i.e., continues the sweeps).

[6] See Page 4 Table 2 'Sustainability Pathway – FY 2018, FY 2019, and Beyond" memo dated December 15, 2017.

- **Warehouse** – What are the risks of the SHREC warehouse with Liberty Bank and Webster Bank? Can you provide a term sheet for the SHREC Warehouse?

Green Bank and Lenders' counsel have met to discuss the SHREC warehouse funding facility and are "on the same page" with the key terms and conditions. Lenders recognize the need to close the facility and enable the Green Bank to draw funds from the facility prior to the end of June. All indications are that Green Bank will be able to close on the facility and draw funds on June 28 or June 29 (per Green Bank counsel's instructions, slight modification to the Board resolutions passed April 27 will require Board action on June 28). However, Lenders are requiring an acknowledgement from Eversource and UI which could push the closing into the first week of the next fiscal year. A copy of the Term Sheet for the credit facility has been included in the board package (and was previously distributed to the Board April 27).

- **Securitization** – Can you provide a better understanding of the SHREC securitization and how the risks of that not going forward or a deal less favorable impacts the Connecticut Green Bank? Can you provide the $2.0 million breakdown of the SHREC securitization budget? Can you provide a term sheet for the SHREC securitization?

Based on conversations staff, the Board Chair (Commissioner Smith) and the representative of the State Treasurer (Ms. Bronisz) have had with representatives of the selected investment bank (Royal Bank of Canada Capital Markets ("RBC")), RBC is confident that the SHREC securitization is sufficiently similar to other renewable technology-based "non-traditional" asset backed securitizations (such as issued by Vivant and Tesla) that the Green Bank securitization will be well-received by the rating agencies and investors alike. As such, RBC is confident in meeting the timing requirements set forth by Green Bank (i.e., not later than the end of October or possibly (latest) early November). The amount RBC expects to raise is approximately $45 million for SHRECs from tranches 1 and 2.

There is no "term sheet" per se, but there was a complete presentation by all respondents to our RFP. RBC's presentation, inclusive of anticipated terms, was previously distributed to the Board on April 27, 2018.

The following is a breakdown of the SHREC Securitization Budget:

**SHREC Securitization Cost Estimate**

| Item | Amount | Comment |
|---|---|---|
| RBC Underwriting Fee | $ 1,000,000 | Minimum per Engagement letter |
| Roadshow Expenses | $ 30,000 | Less if virtual |
| KPMG/Deloitte | $ 100,000 | Can reach out to refine estimates |
| Rating Agency | $ 150,000 | Based on Kroll (which is cheaper than others) |
| Underwriting Counsel | $ 350,000 | Fee cap |
| CGB Counsel | $ 100,000 | Mike estimate |
| DNV Tranche 1 | $ 110,000 | Per PSA |
| DNV Tranche 2 | $ 80,000 | Mike estimate |
| **Total** | **$ 1,920,000** | |

- **Targets** – What are the targets for the Connecticut Green Bank that the Nonprofit will be supporting on its behalf?

Within the FY 2019 budget, the Green Bank proposes to engage the Nonprofit, through standard Green Bank Professional Services Agreements ("PSA"), to deliver the following impact with respect to projects, investment and deployment – see Table 3:

**Table 3. Programs the Nonprofit will Administer on behalf of the Green Bank**

| Program | Projects | Investment | Capacity (MW) |
|---|---|---|---|
| Smart-E | 540 | $8,775,000 | 1.3 |
| PosiGen | 586 | $15,565,855 | 3.6 |
| Multifamily Term | 15 | $2,500,000 | 0.1 |
| Multifamily Pre-Development | 4 | $70,000 | 0.0 |
| Commercial PPA | 25 | $14,062,500 | 6.3 |
| **Total** | **1,170** | **$40,973,355** | **11.2** |

- **Investments** – What are the investments being made in FY 2019 that would go through the Nonprofit?

The only investment being proposed in FY 2019 budget that would go through the Nonprofit would be the Green Bank's potential investment in the Solar PPA Fund. The FY 2019 budget recognizes a line-item for "Investment Income from IPC" to acknowledge the potential investment returns from the Nonprofit to the Green Bank. The Solar PPA Fund, which is being raised by the Nonprofit, will provide underserved credits in Connecticut (e.g., nonprofits, multifamily properties, non-AAA credits, etc.) with access to solar PPA financing to lower the burden of energy costs on their organizations.

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**Financial Position**

- **Proforma** – what are the 5-year proforma statements of the Connecticut Green Bank with and without the Nonprofit?

To be provided separately from this memo. The Office of the Treasurer wants to make a determination as to whether or not the Nonprofit has an adverse impact on the Green Bank with respect to the use of the SCRF on several projects receiving bond financing (i.e., Meriden hydro and CSCU solar PPAs). See attached Scope of Work for Lamont Financial.

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**Special Capital Reserve Fund**

- **SCRF Obligations** – what do the Connecticut Green Bank cash flow projections look like with respect to the Special Capital Reserve Fund (SCRF) obligations over the next 20 years?

To be provided separately from this memo. The Office of the Treasurer wants to make a determination as to whether or not the Nonprofit has an adverse impact on the Green Bank with respect to the use of the SCRF on several projects receiving bond financing (i.e., Meriden hydro and CSCU solar PPAs). See attached Scope of Work for Lamont Financial.

- **Parent Support Agreement** – Does the Connecticut Green Bank creation of a Nonprofit adversely impact the (1) Meriden hydro and (2) CSCU bond and SCRF transactions?

To be provided separately from this memo. The Office of the Treasurer wants to make a determination as to whether or not the Nonprofit has an adverse impact on the Green Bank with respect to the use of the SCRF on several projects receiving bond financing (i.e., Meriden hydro and CSCU solar PPAs). See attached Scope of Work for Lamont Financial.

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**Authority**

- **General Authority** – Does the Green Bank have the authority to create a nonprofit? Does the State have to approve its formation? Have other quasi-publics created nonprofits?

Yes, the Green Bank has the sole authority to enable the creation of a nonprofit so long as it does it in a manner consistent with its enabling statute. We are aware of at least one other quasi-public that has specifically created a nonprofit and have numerous examples of quasi-publics establishing other types of subsidiaries, joint ventures and special purpose vehicles.

The Green Bank is a Connecticut quasi-public agency created by Section 16-245n of the Connecticut General Statues. In furtherance of its public purposes, the Green Bank has the statutory power to form and act through affiliated business entities (*including nonprofits*), which may be either (A) Green Bank "subsidiaries" established pursuant to subsection (d)(1)(E) of Section 16-245n, or (B) other business entities formed in participation with other parties in which the Green Bank has an interest as permitted by subsection (d)(1)(D)(ix) of Section 16-245n.

A subsidiary formed pursuant to subsection (d)(1)(E) ("Subsidiary") must have a board of directors or of managing members at least half of whom are Green Bank board members (or their designees), officers or employees. A Subsidiary is not permitted to have its own separate employees, so its operations would be managed and carried out by employees of the Green Bank.

In the case of an affiliated business entity formed pursuant to subsection (d)(1)(D)(ix) (an "Affiliate"), Green Bank board members, officers and employees are permitted, but not required, to serve as directors, members or officers of such an Affiliate, provided they do not receive any compensation or other personal financial benefit as a result of such service.

Subsection (d)(1)(D)(ix) is broadly worded and encompasses, and therefore authorizes, Green Bank participation in the "formation, ownership, management and operation" of business entities of any kind, provided that they are formed to advance the purposes of the Green Bank. The nature of Green Bank participation is also not circumscribed and could involve a majority or minority investment interest, an active or passive role in management, or even just a contractual relationship. The nonprofit enabled by the Green Bank is being proposed under this broadly worded Subsection (d)(1)(D)(ix) of the Green Bank's enabling statute.

Additionally, in Section 16-245n(d)(1)(D)(xi), the Green Bank is granted the power "to do all other acts and things necessary or convenient to carry out the purposes of said bank", and in 16-245n(i) it is made clear that, "[t]he powers enumerated in this section shall be interpreted broadly to effectuate the purposes established in this section and shall not be construed as a limitation of powers [emphasis added]. Given that 16-245n(d)(1)(D)(ix) and the other provisions of Section 16-245n are to be broadly construed and not act as a limitation on board powers, the judgment of the Green Bank board that the nonprofit initiative furthers the Green Bank's purposes and is in its best interest should be accorded deference.

- **<u>Nonprofit Creation</u>** – We understand that Green Bank can hire someone to manage one or more of its programs, although these financial arrangements look unusual. We follow that the 2016 legislation gave Green Bank the ability to create a controlled 501(c)(3) subsidiary with particular statutory elements. We understand that Green Bank can do a joint venture under CGS Section 16-245(n)(d)(1)(D)(ix) with another entity for a vehicle that would manage similar programs for both, without the express requirements of (E). However how can Green Bank participate with themselves in setting up an entity outside of following the requirements of (E) with these financial arrangements? Does it make (E) superfluous?

While 16-245n(d)(1)(E) does authorize the establishment of Subsidiaries, nothing in Section 16-245n suggests that is the exclusive way for the Green Bank to carry out its purposes through some kind of outside legal entity.

And such Subsidiary would clearly not work in this case given the strategic objectives. First, such a Subsidiary would be controlled by the Green Bank and ultimately by the State of Connecticut, and its financial results consolidated with those of the Green Bank. So while it might be qualified as a 501(c)(3), it would likely not be viewed by charitable foundations and other potential donors as a non-governmental organization, which is often among the criteria for grants and donations. And given the history of the State of Connecticut repeatedly sweeping ratepayer resources held by the Green Bank to meet budget shortfalls, that State control would be a particular disincentive to such grants and donations.

Secondly, such a Subsidiary is not allowed to have its own employees, which defeats a principal objective of moving certain overhead expenses away from the Green Bank and into a self-supporting entity. This also means that any activities of a Subsidiary would have to be carried out by Green Bank employees, with the likely result that it would have to limit its activities to Connecticut, which defeats another strategic objective which is for the Green Bank to benefit in Connecticut from economies of scale and a broader base of public and private support resulting from activities with a wider geographic scope.

Section 16-245n(d)(1)(D)(ix) clearly authorizes Green Bank involvement in activities involving the investment, formation, ownership, management and operation of related entities, including a nonstock corporation as proposed in this case. We do not believe that the qualifying phrase, "participate with any person", imposes a technical requirement that each of those activities needs a "partner", but rather that the overall initiative include or contemplate the participation of others -- the leveraging of other public or private resources -- toward the achievement of the purposes of the Green Bank. That's what is proposed here.

DEEP is making an investment capital grant funding available to the proposed nonprofit and is therefore participating in the initiative. The Kresge Foundation, Hewlett Foundation, and Calvert Impact Capital have combined committed millions of dollars to the nonprofit that will not otherwise be available to the Connecticut clean energy economy to minimize the energy burden on our residents. Individual board members are participating by lending their expertise to the management and operation of the nonprofit. (Since it is proposed as a nonstock corporation without members, the individual board members are really the only participants in its management and operation, so the Green Bank is clearly not acting alone.) And of course, a key element of the strategic plan is the attraction of foundation grants and other donations.

Given that 16-245n(d)(1)(D)(ix) and the other provisions of Section 16-245n are to be broadly construed and not act as a limitation on board powers, the judgment of the Green Bank board that the nonprofit initiative furthers the Green Bank's purposes and is in its best interest should be accorded deference.

- **Attorney General** – Has the Green Bank sought and received advice from the Office of the Attorney General confirming its authority to independently establish the NFP? If not, why not?

The Green Bank is a quasi-public agency, not an agency or department of state government, and therefore is not represented by the Attorney General. Accordingly, CGS Section 3-125, which permits executive department heads and state boards and commissions to seek an opinion of the Attorney General, makes no provision for such opinions at the request of a quasi-public agency.

- **Authority to Transfer Admin, Line of Credit and Support the Nonprofit** – What is the authority the Green Bank has to transfer administration of programs to the NFP? What is the authority the Green Bank has to establish a Line of Credit to the NFP? What is the authority the Green Bank has to pay the salaries and operating costs for the NFP? Will these be from ratepayer funds? If not, from where? How will they be tracked?

Quasi-public agencies like the Green Bank are granted broad powers designed to equip an independent board of directors with the tools necessary to carry out its public purposes in a manner judged appropriate by the board. This is consistent with the status of quasi-public agencies as bodies both "politic and corporate", and is often described as the authority to pursue public purposes with the flexibility of private sector means.

To that end, in addition to specified powers, in Section 16-245n(d)(1)(D)(xi), the Green Bank is granted the power "to do all other acts and things necessary or convenient to carry out the purposes of said bank", and in 16-245n(i) it is made clear that, "[t]he powers enumerated in this section shall be interpreted broadly to effectuate the purposes established in this section and shall not be construed as a limitation of powers [emphasis added]. Section 16-245n(j) then gives those powers precedence over any inconsistent provisions of the general statutes. Even the specified powers, although not limiting, include the power to enter into contracts and agreements, make investments, acquire and dispose of real and personal property, and employ agents and employees. It is not unusual for a quasi-public agency to carry out programs through contractual arrangements with third parties, which may include financial arrangements (including an investment of working capital or an agreement to pay related costs) deemed reasonable by the board in light of the benefits to be achieved.

Also see response for "general authority" for further edification.

- **Shared Services Agreement** – Will Transfer Pricing and shared staffing arrangements be embedded in the MOU or other agreements between the Green Bank and the NFP?

Aside from DEEP Grant funds and laptops the Green Bank will NOT be transferring assets to the Nonprofit. Shared staffing arrangements are part of the MOU that sets forth the support offered by the Green Bank to the Nonprofit. The MOU establishes for what services staff from the Green Bank can provide assistance (e.g., accounting, loan servicing, asset management, marketing). Some services will be provided for free for a year while others will have a charge from the start.

In terms of transfer pricing, laptops will be sold to the Nonprofit at their present value. Consumables, such as office supplies, will be transferred at cost aside from a fee to cover small items. Please see the following chart from the MOU:

| Service | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| Office Space | Green Bank Supplied Without Charge | | | To be determined | | |
| Office Supplies (General) | Green Bank Supplied Without Charge | $50/ month for standard supplies | | To be determined | | |
| Office Supplies (Special Requests) | Responsibility of Nonprofit | | | | | |
| Hardware | Green Bank Supplied Without Charge | | | To be determined | | |
| MS Office | Green Bank Supplied Without Charge | | | To be determined | | |
| Program Specific Tech | Green Bank Supplied Without Charge | | | To be determined | | |
| General IT Infrastructure | Green Bank Supplied Without Charge | | | To be determined | | |
| Telecommunications | Green Bank Supplied Without Charge | Fee To be Agreed upon | | To be determined | | |
| | | | | | | |
| Accounting Services | Green Bank Supplied Without Charge | Responsibility of Nonprofit | | | | |
| Accounting Platform | Green Bank Supplied Without Charge | Responsibility of Nonprofit | | | | |
| Taxes | Responsibility of Nonprofit | | | | | |
| Insurance | Responsibility of Nonprofit | | | | | |
| Loan Servicing | Fee for servicing Nonprofit Loans not covered by PSAs TBD | | | | | |
| Asset Management | Fee for servicing Nonprofit Loans not covered by PSAs TBD | | | | | |
| Other Back Office | Fee for servicing Nonprofit Loans not covered by PSAs TBD | | | | | |
| Bank Account Management | Fee for servicing Nonprofit Loans not covered by PSAs TBD | | | | | |
| | | | | | | |
| Legal | Responsibility of Nonprofit | | | | | |
| | | | | | | |
| Human Resources | Responsibility of Nonprofit | | | | | |
| | | | | | | |
| Marketing (In Connecticut) | Green Bank Supplied Without Charge, except Nonprofit responsible for 3rd party expenses only | Fee For Service based on staff time at cost, plus 3rd party expenses | | | | |
| | | | | | | |
| Marketing (Outside Connecticut) | Cost plus Overhead | | | | | |

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## Nonprofit

There were a number of questions raised by the Board of Directors with respect to the Business Plan and other issues with respect to the Nonprofit. The responses to these questions are below.

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### Business Plan

- **<u>Product Breakdown</u>** – What is the product-by-product breakdown for the Nonprofit in terms of personnel and program expenses? What is the Connecticut Green Bank contributing to the personnel and programs expenses of the Nonprofit? What are the growth assumptions? What is remaining at the Connecticut Green Bank?

For detail on the product-by-product breakdown for the Nonprofit in terms of personnel and program expenses, see the attached slides.

Per the proposed Green Bank FY 2019 targets and budget (see FY 2019 Targets and Budget – S6), the Green Bank would be contributing $1,124,960 for personnel and $140,750 for program expenses for the Nonprofit the administer four program areas:

- **<u>Smart-E Loan</u>** - $335,652 in personnel and $90,118 in program expenses;
- **<u>LMI – PosiGen</u>** – $279,154 in personnel and $13,006 in program expenses;

- **Multifamily** – $$339,631 in personnel and $$35,026 in program expenses; and

- **Solar PPA Fund** – $170,523 in personnel and $2,600 in program expenses.

For the growth assumptions, see the attached slides.

With the Nonprofit administering the above programs on behalf of the Green Bank, what is remaining at the Green Bank, includes:

- **Program Funding** – Under the PSAs, Green Bank is contracting with the Nonprofit to manage the programs under the PSAs. Part of that arrangement is a commitment by Green Bank to fund the program administration costs – at its option – either by funding IPC through the PSAs for 100% of such program administration costs, or Green Bank funding a portion of such program administration costs directly from Green Bank with the balance being funded through the PSAs.

- **Incentive Business** – implementation of RSIP public policy and the SHREC securitization to support its administration; and

- **Investment Business** – the following financing programs, including C-PACE, Small Business Energy Advantage (SBEA), Special Projects (e.g., Triangle Fuel Cell), and Special Opportunities.

It should be noted that the Green Bank expects to develop new financing products to support the implementation of SB 7 (e.g., alternative fuel vehicles and associated infrastructure) and SB 9 (e.g., renewable heating and cooling, battery storage, etc.).

- **Scope of Assessment** – What is the scope of the Lamont Financial Services independent assessment?

The Scope of the Assessment by Lamont Financial for the Office of the Treasurer has been included in the materials provided to the Board of Directors for the June 28, 2018 meeting.

- **Proforma** – What are the 5-year proforma statements of the Nonprofit?

The 5-year proforma statements for the Nonprofit are in the attached slides by product and for the whole portfolio. These materials were provided to Lamont Financial for review to assist it in making a determination as to whether or not the Nonprofit has an adverse impact on the Green Bank with respect to the use of the SCRF on several projects receiving bond financing (i.e., Meriden hydro and CSCU solar PPAs).

<u>The production of the Green Bank's 5-year proforma statements with and without the Nonprofit are currently being developed. After they are developed, they will be provided to Lamont Financial to support their review.</u>

- **Governance** – what is the composition of the Board of Directors of the Nonprofit?

Per the Bylaws of the Nonprofit, there can be three to nine Board members. The Green Bank "will have a maximum number of voting members of the Board of Directors before reaching a simple majority of the Board of Directors." The Nonprofit was incorporated with the following Board composition:

- Betsy Crum, Green Bank representative, Chair
- Doug Sims, NRDC, independent director
- Bert Hunter – serving only until staff is transferred to Nonprofit

When staff are transferred to the Nonprofit, then Bert Hunter will be replaced by Kerry O'Neill on the Board. Kerry O'Neill could not join the Board until she leaves state service, per the State Ethics requirements. Brian Farnen and George Bellas deemed it acceptable for Bert Hunter to serve on the Board during the few weeks between incorporation and beginning of operations since there would be no assets in the Nonprofit.

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**Other Questions**

- **Recovery** – If the Nonprofit is profitable, can the Connecticut Green Bank lessen its contributions over time?

To address the items raised by Commissioner Smith, Green Bank staff have revised the agreements between the Nonprofit and the Green Bank to include language on force majeure events (i.e., situations outside of the control of either party), that would prohibit the agreements in their current form. The agreement areas include the following additional items:

- Sharing proceeds from cost-savings
- Right of First Refusal
- Noncompete in Connecticut
- Others

The contributions to the Nonprofit are in reality just fees paid for specific services depending on the contract: managing the Smart-E program, operating the Multifamily Housing programs, supporting the Green Bank's LMI investments and initiatives, launching a new Solar Fund. The Green Bank has, as a part of its PSA's and MOU, set out an arrangement where annually the two organizations review their contracts, program budgets, and financials to determine if the programs managed by the Nonprofit are achieving savings from scale.

From the PSA's:

This payment is comprised of two components: Program Administration and Human Capital. The Program Administration will be paid monthly and represents the costs charged back to the Green Bank for administering the Work that is more effectively and efficiently managed by the Consultant minus any savings achieved through efficiencies and scale. The Green Bank agrees to pay Program Administration expenses as set forth in the budget in Attachment A. Any program expenses where the nonprofit procures goods or services from a third-party to manage the attached scope of work on behalf of the Green will be charged back to the Green Bank at cost. The Human Capital component will be paid monthly, in advance, and is comprised of the agreed upon staffing levels needed to execute the Work.

For the first three years of the PSAs, the Green Bank agrees to pay 100% of the cost of the headcount as set forth in the Statements of Works to perform responsibilities and duties currently under the purview of the Green Bank. For the Second three years, the Nonprofit will continue to administer these responsibilities on behalf of the Green Bank, but the Green Bank will only be paying 50% of the cost of the headcount to administer these Green Bank programs. This represents $1.97 million in cost recovery/savings to the Green Bank, and over the 6-year term of the PSA's essentially provides for the Green Bank to achieve a 25% savings on staff costs, on top of the 40% savings on overhead realized due to staff transitioning to the Nonprofit. The staffing levels will be reviewed as part of the annual budgeting process and any savings due to scale at the Nonprofit on top of the automatic 50% reduction of headcount fees in year 4 will be passed on to the Green Bank as outlined in the fee review process memo.

**From the Scopes of Work:**

The budget and fees (based on headcount and administration) will be revisited annually by the Green Bank and the Nonprofit to determine the cost of operating each respective program to achieve targets as outlined in the PSA. As a part of this review, the Nonprofit will review their financials with the Green Bank annually to determine if there are any operating cost savings resulting from a growth in scale. In the event of any savings are found, these will be passed on to the Green Bank in the form of a fee reduction based on the size of the overall contracts of all participating clients of the consultant.

**From the MOU:**

Consideration: Annually, the Green Bank and the Nonprofit will review the financials of the Nonprofit during which it will be determined if there have been any cost savings or profit due to the growing scale of the Nonprofit's programs. If such cost savings can be identified, a portion will be passed on to the Green Bank in the form of a fee reduction. Specifics will be set forth in the individual PSA's.

Further, in year four of the PSA with IPC, the fees charged to the Green Bank for staff costs decline by 50% regardless of performance for the same level of services provided. This means the Green Bank is pursuing its programmatic goals with at least a 25% discount based on FY19 costs over the six-year term. Regardless of the level of income or loss the Nonprofit is making, the Green Bank will achieve a savings in running these programs consistent with the Sustainability Plan.

**Changes in the Mission and Force Majeure Events under the MOU**

The MOU provides that if there is a (i) change in the business model, sustainability plan or that changes its mission of the Green Bank, or a (ii) force majeure event such as a significant legislative sweep of Green Bank funding, the parties will work in good faith to amend the MOU to address this new reality.

- **Contracting** – Will the Nonprofit have its own system or process for contracting with vendors or contractors?

As a private organization, the Nonprofit will not have the same requirements that a state agency or quasi-public organization has for procurement and will be governed by the processes and guidelines set by its Board of Directors. However, as the administrator of several Green Bank programs the Nonprofit will carry out the program requirements already in place related to engaging contractors with the financing programs. And with the receipt of monies re-granted from DEEP as capital grants, the Nonprofit will comply with relevant state contracting requirements around the use of small and minority-owned contractors.

- **Delay to After SHREC Securitization** – What would happen if the Nonprofit launched in November after the SHREC securitization?

Staff going to the Nonprofit, acting off the December15, 2017 Board vote on the Sustainability Plan that included launching the Nonprofit at the start of the new fiscal year (i.e., July 1, 2018), has spent the past several months lining up capital – both operating grant and investment dollars – aimed at closing in the 3rd calendar quarter with deployment to projects beginning in the 4th calendar quarter. In the case of multifamily projects, they could begin closing in the 3rd calendar quarter using DEEP investment capital. Similarly, staff has been sourcing a project pipeline that would make use of this capital, including both multifamily deals and commercial solar deals.

If the launch were delayed until November, the Nonprofit, and by extension the Green Bank and its goals around the Nonprofit, would be significantly impacted in the following ways:

- **Grant Funds at Risk** – Operating grants coming from Kresge Foundation and Hewlett Foundation would potentially be forfeited in the upcoming fiscal year due to the grantmaking cycles of these organizations. Kresge would release funds over the summer, as early as July, and Hewlett would release funds in September. Both organizations have involved diligence processes and have taken on faith that the Nonprofit would be operational in July, with staff employed and ready to receive/make use of their funding.

- **Lack of Green Bank Investment Capital** – the Multifamily program at the Green Bank is out of capital in the July timeframe that meets the new investment criteria of the Investment Business of the Green Bank and is relying on the Nonprofit to source new low-cost capital to meet the needs of the pipeline. The Multifamily program team has been coordinating closely with the Finance team to work through any commitments as they come up – taking advantage of the very long project timelines to ensure that projects could close at the Nonprofit and that there would be capital available when funds are needed for disbursement. A delay to November would result in either a) not having funds available for our commitments, having a negative impact on the Green Bank and Nonprofit reputations as a good partner in the market, b) requiring the Green Bank to fund these projects (which are not in line with the target return profile of the Investment Business of 5% return on 10 year maturity) thereby adversely impacting the Sustainability Plan by increasing the time to breakeven, or c) requiring the Green Bank to fund these projects using the DEEP $5 million capital grant, thereby eating into the Nonprofit's equity base and ability to leverage that equity with additional capital..

- **Lack of Private Capital Investment** – Staff has been lining up solar projects with development / closing timelines beyond the availability of the existing SL3 and Onyx facilities and would therefore need to make use of the new fund being raised in the Nonprofit. If the Nonprofit weren't to start until November, this would delay by several months the availability of the new fund and impact the ability to meet the needs of our partner project developers causing delays and potentially losing projects. Like in Multifamily, this would have a negative impact on our reputation as a good partner.

- **<u>Market Expectations Impacted</u>** – Staff has been lining up capital based on a July start and based on the multifamily and commercial pipelines. Negotiations and diligence must begin if we are to secure the capital to meet the needs of the pipeline. Only so much can be done at the Green Bank in a development phase with capital partners – by necessity this needs to progress to discussions with the Nonprofit as the counterparty. Capital partners have other options for deploying their own capital and timelines of their own that must be adhered to. A four-month delay puts at risk the current conversations and creates a damaging perception in the market that this effort is not in fact a true organizational priority.

Per the Sustainability Plan, staff has worked extremely hard to ensure there were no interruptions in the availability of financing programs in the market for programs transitioning to the Nonprofit – that we continue to build the pipeline and maintain the momentum in the market that has been achieved. A four-month delay puts our reputations at risk as well as the availability of capital that has been sourced, potentially delaying us even further as we need to pivot to new and different capital sources. We are already working in a very challenging space. It is the view of staff that a delay would make our task even harder.

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## Conclusion

As a result of the $32.6 million of Clean Energy Fund and Regional Greenhouse Gas Initiative allowance proceeds swept from the Green Bank in FY 2018 and FY 2019 to the General Fund, on December 15, 2017 the Board of Directors of the Green Bank approved a Sustainability Plan.

In order to maintain a key priority of its mission – to reduce the energy burden on underserved households (e.g., LMI single and multifamily) and credits (e.g., nonprofits, non-AAA credits, housing authorities, etc.) – the creation of an independent nonprofit organization is necessary. The Nonprofit will help the Green Bank implement its Sustainability Plan by lowering its operating expenses, providing investment opportunities, attracting private investment in Connecticut that have been crippled as a result of the sweeps, and enabling the Green Bank to continue to serve its mission for the underserved.

Once all questions have been answered per this memo, then a recommendation for approval of the following resolution will be made by the staff to the Board of Directors.

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## Resolution

**WHEREAS,** on October 31, 2017, a budget for the State of Connecticut was signed into law sweeping $32.6 million of funding from the Green Bank – $14.0 million from the Clean Energy Fund and $4.6 million from the Regional Greenhouse Gas Initiative – each year for FY 2018 and FY 2019;

**WHEREAS**, on December 15, 2017, in response to the sweeps, the Board of Directors of the Green Bank approved of a budget mitigation strategy consistent with the Sustainability Pathway Strategy, including the need for staff to present a detailed business plan, budget, and transition plan for certain employees to a Nonprofit;

**WHEREAS**, on April 3, 2018, the Board of Directors of the Green Bank was presented by staff a detailed business plan to which the Board of Directors then authorized the President and any other duly authorized officers of the Green Bank to participate in the formation of an independent nonprofit non-stock corporation to further the purposes of the Green Bank, including achieving operating leverage and attracting mission-oriented investors for a set of products serving underserved market segments;

**WHEREAS**, on April 27, 2018, the Board of Directors of the Green Bank was presented a staff transition plan for those individual staff members of the Green Bank transitioning to the Nonprofit and authorized the President of the Green Bank and any other duly authorized officer of the Green Bank to (1) ensure the orderly transition of individuals transitioning from the Green Bank to the Nonprofit, taking into consideration, but not limited to, the Advisory Opinion No. 2018-2 by the Office of State Ethics, (2) provide assistance to the Nonprofit to identify, analyze, and recommend benefit options for the staff transitioning to the Nonprofit, and (3) notifying the individuals that will be transitioning to the Green Bank to the Nonprofit of their last day with the Green Bank tentatively planned for June 30, 2018;

**WHEREAS**, on June 13, 2018, the staff of the Green Bank presented a series of agreements between the Green Bank and the Nonprofit, including Shared Services Agreement, Capital Grant Agreement, Professional Services Agreements, Licensing Agreement, and Working Capital Agreement, for review and approval by the Board of Directors of the Green Bank; and

**WHEREAS**, on June 28, 2018, the Board of Directors of the Green Bank reviewed and approved the recommendation of the staff and Budget & Operations Committee for FY 2019 targets and budget, including allocation of expenses to cover the services being provided by the Nonprofit.

**NOW**, therefore be it:

**RESOLVED**, that the Board of Directors approves of the series of agreements set forth in the memorandum to the Board of Directors dated June 13, 2018 and authorizes the President of the Green Bank and any other duly authorized officer of the Green Bank to execute on such agreements.

**RESOLVED**, that the Board of Directors approves of the amount of administrative expenses for the Nonprofit as presented in the FY 2019 targets and budget approved on June 28, 2018 to be included in the Professional Services Agreements and the Shared Services Agreement.

# Inclusive Prosperity Capital

## Product Breakdown

## Programs and Expenses

# Connecticut Green Bank

## Product Mix

### Connecticut Green Bank

Incentive Business

- RSIP
- SHREC

Investment Business

- C-PACE
- SBEA
- PosiGen
- Nonprofit
- New Opps
- Special Projects

RIGHT OF FIRST REFUSAL IN CT
NON-COMPETE IN CT

### Inclusive Prosperity Capital

- LMI – PosiGen
- Multifamily Loans
- Solar PPA
- Smart-E Loan
- Special Projects

**Cost Recovered**

**Self Sustaining**
(i.e., 5%@10 years)

**Operating Leverage, Social Return, and Investment Return Opportunity**

# Inclusive Prosperity Capital

## Business Lines in Connecticut

- **<u>Investments</u>** – earning a margin off of invested assets
  - LMI – PosiGen
  - Multifamily Loans
  - Solar PPA Fund
  - Special Projects Fund

- **<u>Smart-E Loan</u>** – fee for service model designed to breakeven and supported by administrative fees and ultimately contractor origination fees at scale

# Connecticut Green Bank Budget

## Nonprofit Expenses for FY 2019

Personnel expenses by product

Program expenses by product

| | FY19 Budget | General Operations (52306) | Residential Smart-e | Residential LMI | Multifamily | Solar PPA Fund |
|---|---|---|---|---|---|---|
| **Administrative Expenses** | | | | | | |
| ***Compensation and benefits*** | | | | | | |
| - Salaries & Wages | $ 796,400 | $ - | $ 239,751 | $ 199,396 | $ 235,451 | $ 121,802 |
| - Employee Benefits | 318,560 | - | 95,901 | 79,758 | 94,180 | 48,721 |
| - Temporary employees | 10,000 | - | - | - | 10,000 | - |
| Total Personnel Expense from ICP | $ 1,124,960 | $ - | $ 335,652 | $ 279,154 | $ 339,631 | $ 170,523 |
| ***Program development and administration*** | | | | | | |
| - Program development costs | - | - | - | - | - | - |
| - Program administration costs | - | - | - | - | - | - |
| - Technology support costs | 75,000 | - | 75,000 | - | - | - |
| - Project Inspection fees | 15,000 | - | - | - | 15,000 | - |
| ***EM&V*** | - | - | - | - | - | - |
| ***Marketing expenses*** | - | - | - | - | - | - |
| ***Legal expenses (BF to budget)*** | - | - | - | - | - | - |
| ***Other expenses*** | | | | | | |
| - Consulting/Advisory | - | - | - | - | - | - |
| - Subscriptions | - | - | - | - | - | - |
| - Training/education | 18,000 | 5,000 | 4,000 | 4,000 | 5,000 | - |
| - Training/education (Allocations) | - | (5,000) | 1,505 | 1,252 | 1,478 | 765 |
| Subtotal Training/education | 18,000 | - | 5,505 | 5,252 | 6,478 | 765 |
| - Travel,meeting& related expenses | 32,750 | 12,000 | 6,000 | 4,750 | 10,000 | - |
| - Travel,meeting& related expenses (Allocations) | - | (12,000) | 3,613 | 3,004 | 3,548 | 1,835 |
| Subtotal Travel,meeting& related expenses | 32,750 | - | 9,613 | 7,754 | 13,548 | 1,835 |
| ***Overhead Costs Allocated to Program:*** | | | | | | |
| *Rent and location related expenses* | | | | | | |
| - Rent/Utilities/Maintenance | - | - | - | - | - | - |
| - Telephone/Communications | - | - | - | - | - | - |
| - Depreciation FF&E | - | - | - | - | - | - |
| *Office, computer & other expenses* | | | | | | |
| - Office expense | - | - | - | - | - | - |
| - IT operations | - | - | - | - | - | - |
| Program Expense from ICP | $ 140,750 | $ - | $ 90,118 | $ 13,006 | $ 35,026 | $ 2,600 |
| **Total Program Administration Expense from ICP** | $ 1,265,710 | $ - | $ 425,770 | $ 292,160 | $ 374,657 | $ 173,123 |

# Inclusive Prosperity Capital

## Product Breakdown

## LMI and PosiGen

# LMI and PosiGen

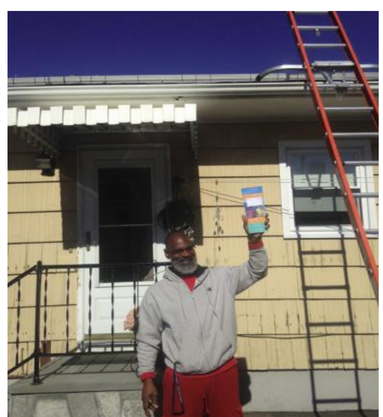
## Product Overview

### Solar for All Campaign Progress

- ✓ 1,420 installations since 2015, 8.8 MW of solar PV
- ✓ 60% of contracts are LMI *(getting the LMI tiered incentive)*
- ✓ 60% of projects in census tracts <80% AMI

### Energy Efficiency Progress

- ✓ 99.9 % of households get Direct Install EE measures
- ✓ 64% of households also undertake "deeper" energy efficiency projects through $10 ESA payment/month for 20 years



**REFERENCES**
Performance data as of March 31, 2018

# LMI and PosiGen

## Product Overview (cont'd)

- The Green Bank has long supported reducing the energy burden in low-to-moderate income communities (e.g., partnership with PosiGen through solar PV lease and energy efficiency ESA)
- PSA engages IPC to work with PosiGen to deliver more projects in Connecticut, provide oversight of its investment (including planned Green Bank investment in PosiGen in FY 2019), as well as manage other LMI related initiatives such as the GHHI
- IPC may provide advice and management services related to asset management (i.e., RECs), project modeling, underwriting, loan modification, and due diligence for existing or future investments made by the Green Bank.
- Green Bank will continue to be the face of the program in CT from a brand perspective
- **Green Bank to participate in new transactions depending upon Green Bank capacity under MOU ROFR**

**Budget**: In return for these services, the Green Bank will pay IPC monthly based on the cost of the transitioned staff at a lower overhead rate

After year one, specific targets and milestones will be incorporated into the annual budgetary process that will be approved by the Board.

# LMI and PosiGen
## Product Overview (cont'd)

**PSA – IPC Personnel Assigned**: Ben Healey, Chris Magalhaes, Kerry O'Neill, Madeline Priest

**PSA – FY19 Targets**: IPC shall work with the Green Bank and PosiGen to deliver 450 PPA/Leases for $11,953,302 in Fair Market Value (FMV) and an installed capacity of 2.8 MW.

**PSA – Proposed FY19 Budget**:

| *Program Code - Program Name* | | All Residential Programs | | |
|---|---|---|---|---|
| | Account Number | FY19 Budget (CGB) | FY19 Budget (NP) | FY19 Budget Consolidated |
| **Administrative Expenses** | | | | |
| ***Compensation and benefits*** | | | | |
| - Salaries & Wages | Salaries | 114,097 | 199,396 | 313,492 |
| - Employee Benefits | Benefits | 93,559 | 79,758 | 173,318 |
| - Temporary employees | 677300 | - | - | |
| ***Program development and administration*** | | | | |
| - Program development costs | 680030 | 200,000 | - | 200,000 |
| - Program administration costs | 680040 | - | - | - |
| - Technology support costs | 680080 | - | - | - |
| - Project Inspection fees | 680070 | - | - | - |
| ***EM&V*** | 683100 | 30,000 | - | 30,000 |
| ***Marketing expenses*** | MKTG | 10,000 | - | 10,000 |
| ***Legal expenses (BF to budget)*** | 682200 | 10,000 | - | 10,000 |
| ***Other expenses*** | | - | - | - |
| - Consulting/Advisory | 681100 | - | - | - |
| - Admin Services Fee (MerHydro) | 680435 | 4,500 | - | 4,500 |
| - Training/education | 689075 | - | 5,252 | 5,252 |
| - Travel,meeting& related expenses | 689300 | - | 7,754 | 7,754 |
| ***Overhead Costs Allocated to Program:*** | | | | - |
| *Rent and location related expenses* | | | | - |
| - Rent/Utilities/Maintenance | 687050 | 8,256 | - | 8,256 |
| - Telephone/Communications | 689020 | 2,745 | - | 2,745 |
| - Depreciation FF&E | Depr | 1,855 | - | 1,855 |
| *Office, computer & other expenses* | | | | - |
| - Office expense | Office | 2,752 | - | 2,752 |
| - IT operations | IT | 9,256 | - | 9,256 |
| **Total administrative expenses** | | 487,021 | 292,160 | 779,181 |

# LMI and PosiGen

## Business Plan Growth Assumptions

| Challenge Being Addressed in Nonprofit |
| --- |
| Greater scale needed to attract necessary private investment and lower cost of capital to partners |
| Mission-oriented investors like this space, but reluctant to invest at CGB given sweeps |

**Assumptions**

- Year 1: back leverage of $16MM
- Year 2+: $5-6MM per year growth; 50 systems added per month, modest annual growth rate *(lower than current run rate)*
- 75% of portfolio eligible for CRA investment: drives spread that can be earned

**Investors**

- **CGB Opportunity: $3 - $5m per year (avg) over 4 years (based on 50% participation)**
- Other funders: CRA lenders, impact investors, foundations

**Partners**

- PosiGen and a Solar Loan Financier
- Assumptions grounded in Green Bank deep knowledge of capital needs of PosiGen and business model analysis of Solar Loan Financier expanding their credit universe

**Other Factors**

- This business line anchors the business model in the short term, providing immediate net interest income and jump starting the balance sheet

# LMI and PosiGen
## Pro Forma Net Interest Income (‘000s)

| Single Family Solar PV Lease + EE ESA | Cost of Funds | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|---|
| Principal Outstanding | | $ 13,445 | $ 19,567 | $ 24,086 | $ 27,844 | $ 30,929 |
| CRA Eligible | | $ 10,117 | $ 14,829 | $ 18,380 | $ 21,394 | $ 23,932 |
| Funded by Grant | 0.00% | $ 2,500 | $ 2,500 | $ 2,500 | $ 2,500 | $ 2,500 |
| Funded by Equity PRI | 0.00% | $ 2,648 | $ 2,600 | $ 6,666 | $ 9,712 | $ 12,004 |
| Funded by Mezzanine Debt / PRI | 2.00% | $ 8,297 | $ 14,467 | $ 14,919 | $ 15,632 | $ 16,426 |
| Funded by Senior Debt / CRA funding | 5.00% | $ - | $ - | $ - | $ - | $ - |
| Funded by Senior Debt / Non-CRA funding | 7.00% | $ - | $ - | $ - | $ - | $ - |
| Cost of Funding | | $ 166 | $ 289 | $ 298 | $ 313 | $ 329 |
| Cost of Funding (%) | | 1.23% | 1.48% | 1.24% | 1.13% | 1.06% |
| Yield | | 7.50% | 7.50% | 7.00% | 7.00% | 6.50% |
| Gross Interest Income | | $ 1,008 | $ 1,467 | $ 1,686 | $ 1,949 | $ 2,010 |
| Net Interest Income | | $ 842 | $ 1,178 | $ 1,388 | $ 1,636 | $ 1,682 |
| Net Spread | | 6.27% | 6.02% | 5.76% | 5.88% | 5.44% |

***Note: balances outstanding represent annual average outstanding balance for the relevant item for the fiscal year***

# LMI and PosiGen

## Pro Forma Product P&L (‘000s)

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| **CT Business Unit** | | | | | |
| Net Interest Income | $ 699 | $ 811 | $ 927 | $ 532 | $ 531 |
| Commercial PV Development Fee | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Investing Business | $ 292 | $ 292 | $ 292 | $ 153 | $ 153 |
| CGB PSA - Smart-E | $ - | $ - | $ - | $ - | $ - |
| Other Smart-E Fees | $ - | $ - | $ - | $ - | $ - |
| Operating Grants | $ - | $ - | $ - | $ - | $ - |
| **Total Revenues** | $ 991 | $ 1,103 | $ 1,219 | $ 685 | $ 683 |
| Human Capital | $ 279 | $ 279 | $ 279 | $ 140 | $ 140 |
| Total Admin | $ 13 | $ 13 | $ 13 | $ 13 | $ 13 |
| **Total Expenses** | $ 292 | $ 292 | $ 292 | $ 153 | $ 153 |
| **Operating Income** | $ 699 | $ 811 | $ 927 | $ 532 | $ 531 |
| **Non-CT Business Unit** | | | | | |
| Net Interest Income | $ 143 | $ 367 | $ 460 | $ 1,104 | $ 1,151 |
| Commercial PV Development Fee | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Investing Business | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Smart-E | $ - | $ - | $ - | $ - | $ - |
| Other Smart-E Fees | $ - | $ - | $ - | $ - | $ - |
| Operating Grants | $ - | $ - | $ - | $ - | $ - |
| **Total Revenues** | $ 143 | $ 367 | $ 460 | $ 1,104 | $ 1,151 |
| Human Capital | $ 57 | $ 127 | $ 139 | $ 290 | $ 303 |
| Total Admin | $ 88 | $ 126 | $ 129 | $ 133 | $ 137 |
| **Total Expenses** | $ 145 | $ 252 | $ 268 | $ 423 | $ 440 |
| **Operating Income** | $ (2) | $ 115 | $ 193 | $ 681 | $ 711 |
| **Combined Revenues** | $ 1,135 | $ 1,470 | $ 1,680 | $ 1,789 | $ 1,834 |
| **Combined Expenses** | $ 438 | $ 545 | $ 560 | $ 576 | $ 592 |
| **Combined Operating Income** | $ 697 | $ 926 | $ 1,120 | $ 1,213 | $ 1,242 |

***Note: balances outstanding represent annual average outstanding balance for the relevant item for the fiscal year***

# Inclusive Prosperity Capital

## Product Breakdown

## Multifamily Loans

# Multifamily Loans
## Product Overview

Technical assistance and financing to help owners save money on energy, increase property values, and improve tenants' safety & comfort.

### Pre-Development Resources

**Benchmark CT**
- Free energy benchmarking resource

**Sherpa Loan**
- Designated service provider
- Standardized process & fee schedule

**Navigator Loan**
- Client managed contractor(s)
- Customized technical services

### Project Financing

**LIME**
- Low Income Multifamily Energy
- Affordable
- Unsecured

**Solar PPA**
- Solar projects only
- Commercial solar lease

**Catalyst Fund**
- Flexible low-cost financing
- Energy & health/safety

**Results: 65 projects for $53 million impacting ~4,400 units**



**REFERENCES**
Performance data as of March 31, 2018

# Multifamily Loans
## Product Overview (cont'd)

- Multifamily suite of products are targeted at the low-to-moderate income subset of the market and provide financing from the Green Bank and partners for pre-development and term loans.
- PSA engages IPC to manage the program as an outsourced administrator and enables IPC to bring new capital into the program from diverse sources
- Staff will transition over 2 years.
- Green Bank will continue to be the face of the program in Connecticut from a brand perspective
- **Green Bank to participate in new transactions depending upon Green Bank capacity under MOU ROFR**

**Budget**: In return for managing the program, the Green Bank will pay IPC monthly based on the cost of the transitioned staff at a lower overhead rate.

After year one, specific targets and milestones will be incorporated into the annual budgetary process that will be approved by the Board.

# Multifamily Loans
## Product Overview (cont'd)

**<u>PSA – IPC Personnel Assigned</u>**: John, D'Agostino, Ben Healey, Chris Magalhaes, Kerry O'Neill

**<u>PSA – FY19 Targets</u>**: IPC shall deliver for Green Bank 4 predevelopment loans for $70,000. IPC will deliver 15 term loans for $2,500,000 and an installed capacity of 0.85 MW.

**<u>PSA – Proposed FY19 Budget</u>**:

| Program Code - Program Name | | All Multifamily Programs | | |
|---|---|---|---|---|
| | Account Number | FY19 Budget (CGB) | FY19 Budget (NP) | FY19 Budget Consolidated |
| ***Administrative Expenses*** | | | | |
| ***Compensation and benefits*** | | | | |
| - Salaries & Wages | Salaries | 241,595 | 235,451 | 477,046 |
| - Employee Benefits | Benefits | 198,108 | 94,180 | 292,288 |
| - Temporary employees | 677300 | - | 10,000 | 10,000 |
| ***Program development and administration*** | | | | |
| - Program development costs | 680030 | 185,000 | - | 185,000 |
| - Program administration costs | 680040 | 250,000 | - | 250,000 |
| - Technology support costs | 680080 | 8,000 | - | 8,000 |
| - Project Inspection fees | 680070 | - | 15,000 | 15,000 |
| ***EM&V*** | 683100 | 20,000 | - | 20,000 |
| ***Marketing expenses*** | MKTG | 80,500 | - | 80,500 |
| ***Legal expenses (BF to budget)*** | 682200 | 9,000 | - | 9,000 |
| ***Other expenses*** | | | | |
| - Consulting/Advisory | 681100 | - | - | - |
| - Subscriptions | 689070 | - | - | - |
| - Training/education | 689075 | 5,000 | 6,478 | 11,478 |
| - Travel, meeting& related expenses | 689300 | 10,000 | 13,548 | 23,548 |
| ***Overhead Costs Allocated to Program:*** | | | | |
| *Rent and location related expenses* | | | | |
| - Rent/Utilities/Maintenance | 687050 | 17,478 | - | 17,478 |
| - Telephone/Communications | 689020 | 5,812 | - | 5,812 |
| - Depreciation FF&E | Depr | 3,927 | - | 3,927 |
| *Office, computer & other expenses* | | | | |
| - Office expense | Office | 5,826 | - | 5,826 |
| - IT operations | IT | 19,596 | - | 19,596 |
| **Total administrative expenses** | | 1,059,843 | 374,657 | 1,434,500 |

# Multifamily Loans
## Business Plan Growth Assumptions

| Challenge Being Addressed in Nonprofit |
|---|
| More investment needed in FY19 and beyond, but doesn't match CGB's return profile (i.e., 5% at 10 years) |
| Greater scale needed to attract necessary private investment and lower cost of capital to partners |
| Mission-oriented investors like this space, but reluctant to invest at CGB given sweeps |
| More operating support needed at critical juncture, but CGB resources limited (and higher overhead) |
| Greater scale needed for sustainability |

**Assumptions**

- Origination of $5MM per year, less than current CT multifamily pipeline enhanced by ability to do holistic projects (health and safety and other capital needs)
- 100% of multifamily portfolio eligible for CRA investment

**Investors**

- **CGB Opportunity: $2.5MM per year (avg) over 4 years (based on 50% participation)**
- Other funders: CRA lenders, impact investors, foundations

**Partners**

- CT Housing Coalition, DOH, CHFA, UHAB, New Ecology, NRDC Initiatives, other green banks

**Other Factors**

- Opportunistic special project opportunities would contribute to origination activity and help achieve a blended rate of 6%

# Multifamily Loans
## Pro Forma Net Interest Income (‘000s)

| Multifamily EE/DG | Cost of Funds | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|---|
| Principal Outstanding | | $ 3,005 | $ 7,525 | $ 11,584 | $ 15,163 | $ 18,246 |
| CRA Eligible | | $ 3,013 | $ 7,580 | $ 11,730 | $ 15,442 | $ 18,692 |
| Funded by Grant | 0.00% | $ 2,153 | $ 2,625 | $ 3,250 | $ 4,250 | $ 5,250 |
| Funded by Equity PRI | 0.00% | $ 852 | $ 4,900 | $ 8,334 | $ 10,913 | $ 12,996 |
| Funded by Mezzanine Debt / PRI | 2.00% | $ - | $ - | $ - | $ - | $ - |
| Funded by Senior Debt / CRA funding | 5.00% | $ - | $ - | $ - | $ - | $ - |
| Funded by Senior Debt / Non-CRA funding | 7.00% | $ - | $ - | $ - | $ - | $ - |
| Cost of Funding | | $ - | $ - | $ - | $ - | $ - |
| Cost of Funding (%) | | $ - | $ - | $ - | $ - | $ - |
| Yield | | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Gross Interest Income | | $ 180 | $ 452 | $ 695 | $ 910 | $ 1,095 |
| Net Interest Income | | $ 180 | $ 452 | $ 695 | $ 910 | $ 1,095 |
| Net Spread | | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |

***Note: balances outstanding represent annual average outstanding balance for  the relevant item for the fiscal year***

# Multifamily Loans
## Pro Forma Product P&L (‘000s)

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| **CT Business Unit** | | | | | |
| Net Interest Income | $ 150 | $ 311 | $ 464 | $ 296 | $ 346 |
| Commercial PV Development Fee | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Investing Business | $ 375 | $ 579 | $ 579 | $ 314 | $ 314 |
| CGB PSA - Smart-E | $ - | $ - | $ - | $ - | $ - |
| Other Smart-E Fees | $ - | $ - | $ - | $ - | $ - |
| Operating Grants | $ - | $ - | $ - | $ - | $ - |
| **Total Revenues** | $ 524 | $ 889 | $ 1,043 | $ 610 | $ 660 |
| Human Capital | $ 340 | $ 529 | $ 529 | $ 264 | $ 264 |
| Total Admin | $ 35 | $ 50 | $ 50 | $ 50 | $ 50 |
| **Total Expenses** | $ 375 | $ 579 | $ 579 | $ 314 | $ 314 |
| **Operating Income** | $ 150 | $ 311 | $ 464 | $ 296 | $ 346 |
| **Non-CT Business Unit** | | | | | |
| Net Interest Income | $ 31 | $ 141 | $ 231 | $ 614 | $ 749 |
| Commercial PV Development Fee | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Investing Business | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Smart-E | $ - | $ - | $ - | $ - | $ - |
| Other Smart-E Fees | $ - | $ - | $ - | $ - | $ - |
| Operating Grants | $ 340 | $ 690 | $ 690 | $ - | $ - |
| **Total Revenues** | $ 371 | $ 831 | $ 921 | $ 614 | $ 749 |
| Human Capital | $ 70 | $ 240 | $ 263 | $ 549 | $ 573 |
| Total Admin | $ 237 | $ 484 | $ 497 | $ 512 | $ 528 |
| **Total Expenses** | $ 307 | $ 724 | $ 760 | $ 1,061 | $ 1,101 |
| **Operating Income** | $ 64 | $ 107 | $ 161 | $ (447) | $ (352) |
| **Combined Revenues** | $ 895 | $ 1,720 | $ 1,964 | $ 1,224 | $ 1,409 |
| **Combined Expenses** | $ 682 | $ 1,302 | $ 1,339 | $ 1,375 | $ 1,415 |
| **Combined Operating Income** | $ 213 | $ 418 | $ 625 | $ (151) | $ (6) |

***Note: balances outstanding represent annual average outstanding balance for the relevant item for the fiscal year***

# Inclusive Prosperity Capital

## Product Breakdown

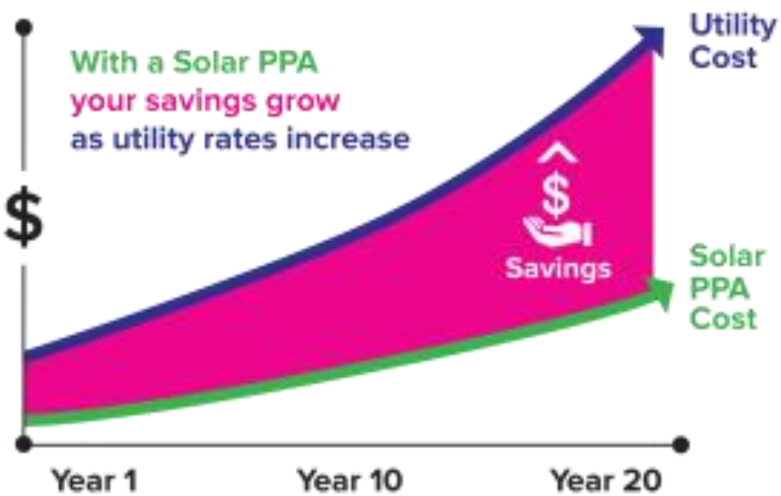
## Solar PPA

# Solar PPA
## Product Overview

As an innovative, first-of-a-kind fund structure employing the PACE security for commercial-scale PPAs, the Green Bank Solar PPA has opened the market to sectors traditionally excluded from solar financing

**green bank solar ppa**

| Project Type | # of Project Sites | MW |
|---|---|---|
| Municipalities / Public Schools | 56 | 12.71 |
| Non-profits, housing authorities | 39 | 1.95 |
| Commercial | 18 | 4.32 |
| Houses of Worship | 20 | 2.34 |




**REFERENCES**
Performance data as of March 31, 2018

# Solar PPA
## Product Overview (cont'd)

- The Solar PPA Funds (SL2, SL3, Onyx) have been very successful for the Green Bank but have trouble accessing capital due to their limited size
- PSA engages IPC to launch a new fund that provides access to capital for the projects in Connecticut
- Green Bank will continue to be the face of the program in Connecticut from a brand perspective
- **Green Bank to participate in capital stack of Solar Lease 4 depending upon Green Bank capacity under MOU ROFR**

**Budget**: In return for managing the program, the Green Bank will pay IPC monthly based on the cost of the transitioned staff at a lower overhead rate.

After year one, specific targets and milestones will be incorporated into the annual budgetary process that will be approved by the Board.

# Solar PPA
## Product Overview (cont'd)

**PSA – IPC Personnel Assigned**: Ben Healey

**PSA – FY19 Targets**: IPC shall work with the Green Bank to deliver 25 PPA/Leases in SL3, Onyx, and the new Solar Fund for $14,062,500 and an installed capacity of 6.3 MW

**PSA – Proposed FY19 Budget**:

| Program Code - Program Name | Account Number | All Solar Fund FY19 Budget | FY19 Budget (NP) | FY19 Budget Consolidated |
|---|---|---|---|---|
| ***Administrative Expenses*** | | | | |
| ***Compensation and benefits*** | | | | |
| - Salaries & Wages | Salaries | 460,041 | 121,802 | 581,843 |
| - Employee Benefits | Benefits | 377,234 | 48,721 | 425,954 |
| - Temporary employees | 677300 | - | - | - |
| ***Program development and administration*** | | | | |
| - Program development costs | 680030 | - | - | - |
| - Program administration costs | 680040 | - | - | - |
| - Technical Administrator | 680020 | - | - | - |
| - Technology support costs | 680080 | - | - | - |
| - Municipal fees | 680010 | - | - | - |
| - Project Inspection fees | 680070 | - | - | - |
| - Third party loan servicing fees | 680100 | - | - | - |
| ***EM&V*** | 683100 | - | - | - |
| ***Marketing expenses*** | MKTG | 4,000 | - | 4,000 |
| ***Legal expenses (BF to budget)*** | 682200 | 8,000 | - | 8,000 |
| ***Other expenses*** | | | | |
| - Consulting/Advisory | 681100 | - | - | - |
| - Subscriptions | 689070 | - | - | - |
| - Training/education | 689075 | - | 765 | 765 |
| - Travel, meeting& related expenses | 689300 | - | 1,835 | 1,835 |
| ***Overhead Costs Allocated to Program:*** | | | | |
| *Rent and location related expenses* | | | | |
| - Rent/Utilities/Maintenance | 687050 | 33,282 | - | 33,282 |
| - Telephone/Communications | 689020 | 11,067 | - | 11,067 |
| - Depreciation FF&E | Depr | 7,478 | - | 7,478 |
| *Office, computer & other expenses* | | | | |
| - Office expense | Office | 11,094 | - | 11,094 |
| - IT operations | IT | 37,315 | - | 37,315 |
| **Total administrative expenses** | | 949,511 | 173,123 | 1,122,634 |

# Solar PPA
## Business Plan Growth Assumptions

| Challenge Being Addressed in Nonprofit |
| --- |
| Greater scale needed to attract necessary private investment – market has moved from SL2/SL3 and bigger fund size is needed |
| More operating support needed at critical juncture, but CGB resources limited (and higher overhead) |

**Assumptions**

- Year 1: 1.8 MW solar installed per quarter; $12MM back leverage or sponsor equity by end of year
- Year 2+: Increasing .5 MW per quarter, portfolio of $25MM at end of year 2, $39MM at end of year 3, $54MM at end of year 4
- Assumptions based on ***<50% of the pace*** of Green Bank activity over past 18 months (a total of 30MW, 5 MW/quarter)
- 75% of portfolio eligible for CRA investment

**Investors**

- **CGB Opportunity: ~$5MM per year (avg) over 4 years (based on 50% participation)**
- Other funders: CRA lenders, impact investors, foundations, tax equity investors

**Partners**

- Regional independent developer base, other green banks

**Other Factors**

- Demonstrated ability to underwrite housing authorities, community assets, NFPs

# Solar PPA

## Pro Forma Net Interest Income (‘000s)

CONNECTICUT GREEN BANK

| Solar PPA | Cost of Funds | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|---|
| Principal Outstanding | | $ 7,927 | $ 20,751 | $ 34,386 | $ 48,650 | $ 63,209 |
| CRA Eligible | | $ 5,960 | $ 15,674 | $ 26,095 | $ 37,096 | $ 48,428 |
| Funded by Grant | 0.00% | $ 347 | $ - | $ - | $ - | $ - |
| Funded by Equity PRI | 0.00% | $ - | $ - | $ - | $ - | $ - |
| Funded by Mezzanine Debt / PRI | 2.00% | $ 7,580 | $ 10,533 | $ 10,081 | $ 9,368 | $ 8,574 |
| Funded by Senior Debt / CRA funding | 5.00% | $ - | $ 5,583 | $ 16,206 | $ 28,306 | $ 41,052 |
| Funded by Retained Earnings | 0.00% | $ - | $ 5 | $ 831 | $ 1,489 | $ 1,580 |
| Funded by Senior Debt / Non-CRA funding | 7.00% | $ (0) | $ 4,630 | $ 7,268 | $ 9,487 | $ 12,003 |
| Cost of Funding | | $ 152 | $ 814 | $ 1,521 | $ 2,267 | $ 3,064 |
| Cost of Funding (%) | | 1.91% | 3.92% | 4.42% | 4.66% | 4.85% |
| Yield | | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Gross Interest Income | | $ 634 | $ 1,660 | $ 2,751 | $ 3,892 | $ 5,057 |
| Net Interest Income | | $ 483 | $ 846 | $ 1,230 | $ 1,625 | $ 1,992 |
| Net Spread | | 6.09% | 4.08% | 3.58% | 3.34% | 3.15% |

***Note: balances outstanding represent annual average outstanding balance for the relevant item for the fiscal year***

# Solar PPA
## Pro Forma Product P&L (‘000s)

| | Solar PPA | | | | |
|---|---|---|---|---|---|
| | FY19 | FY20 | FY21 | FY22 | FY23 |
| **CT Business Unit** | | | | | |
| Net Interest Income | $ 400 | $ 582 | $ 822 | $ 528 | $ 629 |
| Commercial PV Development Fee | $ 249 | $ 413 | $ 200 | $ 98 | $ - |
| CGB PSA - Investing Business | $ 173 | $ 173 | $ 173 | $ 88 | $ 88 |
| CGB PSA - Smart-E | $ - | $ - | $ - | $ - | $ - |
| Other Smart-E Fees | $ - | $ - | $ - | $ - | $ - |
| Operating Grants | $ - | $ - | $ - | $ - | $ - |
| **Total Revenues** | $ 823 | $ 1,168 | $ 1,195 | $ 714 | $ 717 |
| Human Capital | $ 171 | $ 171 | $ 171 | $ 85 | $ 85 |
| Total Admin | $ 3 | $ 3 | $ 3 | $ 3 | $ 3 |
| **Total Expenses** | $ 173 | $ 173 | $ 173 | $ 88 | $ 88 |
| **Operating Income** | $ 649 | $ 995 | $ 1,022 | $ 626 | $ 629 |
| **Non-CT Business Unit** | | | | | |
| Net Interest Income | $ 82 | $ 264 | $ 408 | $ 1,097 | $ 1,364 |
| Commercial PV Development Fee | $ 51 | $ 187 | $ 100 | $ 202 | $ - |
| CGB PSA - Investing Business | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Smart-E | $ - | $ - | $ - | $ - | $ - |
| Other Smart-E Fees | $ - | $ - | $ - | $ - | $ - |
| Operating Grants | $ - | $ - | $ - | $ - | $ - |
| **Total Revenues** | $ 133 | $ 451 | $ 508 | $ 1,299 | $ 1,364 |
| Human Capital | $ 35 | $ 77 | $ 85 | $ 177 | $ 185 |
| Total Admin | $ 18 | $ 25 | $ 26 | $ 27 | $ 27 |
| **Total Expenses** | $ 53 | $ 102 | $ 111 | $ 204 | $ 212 |
| **Operating Income** | $ 81 | $ 349 | $ 397 | $ 1,096 | $ 1,151 |
| **Combined Revenues** | $ 956 | $ 1,619 | $ 1,703 | $ 2,013 | $ 2,080 |
| **Combined Expenses** | $ 226 | $ 276 | $ 284 | $ 292 | $ 300 |
| **Combined Operating Income** | $ 730 | $ 1,344 | $ 1,420 | $ 1,722 | $ 1,780 |



***Note: balances outstanding represent annual average outstanding balance for the relevant item for the fiscal year***

# Inclusive Prosperity Capital

## Product Breakdown

## Smart-E Loan

CONNECTICUT GREEN BANK

# Smart-E Loan

## Product Overview

***Quick, Easy, Affordable***

- Unsecured personal loan, no application fee, no prepayment penalty
- **Low-interest** with **flexible terms** and fixed monthly payments
  - 2nd loss reserve used to achieve below market rates and longer terms
- **40+** energy improvements can be financed
  - Boilers, Furnaces, Heat Pumps, Central Air, Insulation, Solar, EV Chargers and more
  - Loan amounts from $500-$40,000
- 25% of Loan can be used to address **health & safety**, appliances, “other”
- **Working capital** built in for contractors

Launched **Credit-Challenged Smart-E** in 2017

- **580+ FICO** with a 50% DTI
- Offered through CDFI and credit unions


**Results**

✓ 2,680 loans for $48MM since 2013

✓ 5 defaults (0.18%), 12 delinquencies (0.42%)

smart-e loan

**REFERENCES**

Performance data as of March 31, 2018

# Smart-E Loan
## Product Overview (cont'd)

CONNECTICUT GREEN BANK

- Smart-E Loan Program is administered by the Green Bank in partnership with 10 local lenders and a network of over 350 eligible contractors
- Loans finance over forty qualifying energy improvements at single family homes supporting Connecticut's implementation of the Comprehensive Energy Strategy
- PSA engages IPC to manage the program as an outsourced administrator and enables IPC to bring the program to scale in other jurisdictions
- Green Bank will continue to be the face of the program in Connecticut from a brand perspective

**Budget**: In return for managing the program, the Green Bank will pay IPC monthly based on the cost of the transitioned staff at a lower overhead rate plus partial funding for a new online platform for the program.

**The Green Bank *would* receive pro-rata royalties for their contribution to the development of the platform depending on the program's uptake.**

After year one, specific targets and milestones will be incorporated into the annual budgetary process that will be approved by the Board.

# Smart-E Loan

## Product Overview (cont'd)

**PSA – IPC Personnel Assigned**: Joe Buonannata, Liz Johnson, Chris Magalhaes, Kerry O'Neill, Madeline Priest

**PSA – FY19 Targets**: IPC shall deliver for the Green Bank 540 Smart-E loans for $8,775,000 and an installed capacity of 1.3 MW. IPC will report specifically about efforts to build the Smart-E program with LMI and credit-challenged homeowners.

**PSA – Proposed FY19 Budget**:

| *Program Code - Program Name* | | 52210 Smart-E Loans | | |
|---|---|---|---|---|
| | Account Number | FY19 Budget (CGB) | FY19 Budget (NP) | FY19 Budget Consolidated |
| **Administrative Expenses** | | | | |
| ***Compensation and benefits*** | | | | |
| - Salaries & Wages | Salaries | 96,894 | 239,751 | 336,645 |
| - Employee Benefits | Benefits | 79,453 | 95,901 | 175,354 |
| - Temporary employees | 677300 | - | - | - |
| ***Program development and administration*** | | | | |
| - Program development costs | 680030 | - | - | - |
| - Program administration costs | 680040 | 5,000 | - | 5,000 |
| - Technology support costs | 680080 | - | 75,000 | 75,000 |
| - Project Inspection fees | 680070 | 25,000 | - | 25,000 |
| ***EM&V*** | 683100 | 100,000 | - | 100,000 |
| ***Marketing expenses*** | MKTG | 120,000 | - | 120,000 |
| ***Legal expenses (BF to budget)*** | 682200 | 2,000 | - | 2,000 |
| ***Other expenses*** | | | | |
| - Consulting/Advisory | 681100 | - | - | - |
| - Subscriptions | 689070 | - | - | - |
| - Training/education | 689075 | - | 5,505 | 5,505 |
| - Travel,meeting& related expenses | 689300 | - | 9,613 | 9,613 |
| ***Overhead Costs Allocated to Program:*** | | | | |
| *Rent and location related expenses* | | | | |
| - Rent/Utilities/Maintenance | 687050 | 7,011 | - | 7,011 |
| - Telephone/Communications | 689020 | 2,331 | - | 2,331 |
| - Depreciation FF&E | Depr | 1,575 | - | 1,575 |
| *Office, computer & other expenses* | | | | - |
| - Office expense | Office | 2,337 | - | 2,337 |
| - IT operations | IT | 7,861 | - | 7,861 |
| **Total administrative expenses** | | 449,462 | 425,770 | 875,232 |

# Smart-E Loan

## Business Plan Growth Assumptions

| Challenge Being Addressed in Nonprofit |
|---|
| More investment needed, but doesn't match CGB's return profile |
| More operating support needed at critical juncture, but CGB resources limited (and higher overhead) |
| Greater scale needed for sustainability |

**Smart-E will only expand with contracts in place and is therefore designed to be neutral to the organization's financials**

- **Assumptions**
  - Year 1: CT loan growth 5% over FY18, 1 small program added
  - Year 2+: 2 small programs added in year 2 and 2 large programs in year 3
  - Loans on platform grow from 470 in year 1 with 11 lenders and 105 active contractors to 4,500 loan in year 4 with 40+ lenders and 450 active contractors
  - 1.99% contractor origination fee assumed on $13,000 average loan amount, other program expenses covered by program administration fee
- **Partners**
  - Other green banks, cities in NRDC initiatives

# Smart-E Loan

## Pro Forma Product P&L (‘000s)

| | | FY19 | | FY20 | | FY21 | | FY22 | | FY23 |
|---|---|---|---|---|---|---|---|---|---|---|
| **CT Business Unit** | | | | | | | | | | |
| Net Interest Income | $ | - | $ | - | $ | - | $ | - | $ | - |
| Commercial PV Development Fee | $ | - | $ | - | $ | - | $ | - | $ | - |
| CGB PSA - Investing Business | $ | - | $ | - | $ | - | $ | - | $ | - |
| CGB PSA - Smart-E | $ | 426 | $ | 351 | $ | 351 | $ | 183 | $ | 183 |
| Other Smart-E Fees | $ | - | $ | - | $ | - | $ | - | $ | - |
| Operating Grants | $ | - | $ | - | $ | - | $ | - | $ | - |
| **Total Revenues** | $ | 426 | $ | 351 | $ | 351 | $ | 183 | $ | 183 |
| Human Capital | $ | 336 | $ | 336 | $ | 336 | $ | 168 | $ | 168 |
| Total Admin | $ | 90 | $ | 15 | $ | 15 | $ | 15 | $ | 15 |
| **Total Expenses** | $ | 426 | $ | 351 | $ | 351 | $ | 183 | $ | 183 |
| **Operating Income** | $ | - | $ | - | $ | - | $ | - | $ | - |
| **Non-CT Business Unit** | | | | | | | | | | |
| Net Interest Income | $ | - | $ | - | $ | - | $ | - | $ | - |
| Commercial PV Development Fee | $ | - | $ | - | $ | - | $ | - | $ | - |
| CGB PSA - Investing Business | $ | - | $ | - | $ | - | $ | - | $ | - |
| CGB PSA - Smart-E | $ | - | $ | - | $ | - | $ | - | $ | - |
| Other Smart-E Fees | $ | 294 | $ | 614 | $ | 1,154 | $ | 1,889 | $ | 2,205 |
| Operating Grants | $ | - | $ | - | $ | - | $ | - | $ | - |
| **Total Revenues** | $ | 294 | $ | 614 | $ | 1,154 | $ | 1,889 | $ | 2,205 |
| Human Capital | $ | 24 | $ | 155 | $ | 263 | $ | 468 | $ | 486 |
| Total Admin | $ | 205 | $ | 449 | $ | 792 | $ | 1,371 | $ | 1,457 |
| **Total Expenses** | $ | 228 | $ | 605 | $ | 1,055 | $ | 1,839 | $ | 1,943 |
| **Operating Income** | $ | 66 | $ | 9 | $ | 99 | $ | 49 | $ | 262 |
| **Combined Revenues** | $ | 720 | $ | 965 | $ | 1,505 | $ | 2,072 | $ | 2,388 |
| **Combined Expenses** | $ | 654 | $ | 955 | $ | 1,406 | $ | 2,022 | $ | 2,126 |
| **Combined Operating Income** | $ | 66 | $ | 9 | $ | 99 | $ | 49 | $ | 262 |

***Note: balances outstanding represent annual average outstanding balance for the relevant item for the fiscal year***

# Inclusive Prosperity Capital

## Product Breakdown

## Summary of Financing Products

# Underserved Market Segments
## Nonprofit Administration

**Turnkey solutions deploying mission-driven capital into high-impact clean energy projects that serve key community assets and underinvested neighborhoods**

### LMI – PosiGen
- Leased solar and energy efficiency
- LMI households

### Navigator & Sherpa Loans
- Pre-development capital
- Customized technical services available

### Solar PPAs
- Money-saving benefits of solar
- Turnkey solution for capital-challenged buildings

### LIME Loans
- Low Income Multifamily Energy
- Affordable
- Unsecured

### Smart-E Loan
- Network of local lenders & vetted contractors
- Unsecured, below-market rates
- Pre-approved list of energy measures

### Catalyst Loans
- Flexible low-cost financing
- Energy & health/safety & other capital improvements

# Portfolio of Products

## Pro Forma Net Interest Income (‘000s)

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| **Net Interest Income** | | | | | |
| **LMI - PosiGen** | $ 842 | $ 1,178 | $ 1,388 | $ 1,636 | $ 1,682 |
| **Solar PPA** | $ 483 | $ 846 | $ 1,230 | $ 1,625 | $ 1,992 |
| **Multifamily EE/DG** | $ 180 | $ 452 | $ 695 | $ 910 | $ 1,095 |
| **TOTAL** | $ 1,505 | $ 2,476 | $ 3,313 | $ 4,172 | $ 4,769 |
| **FYE Portfolio Balances** | | | | | |
| **LMI - PosiGen** | $ 16,362 | $ 21,403 | $ 25,622 | $ 29,115 | $ 31,966 |
| **Solar PPA** | $ 12,436 | $ 25,521 | $ 39,469 | $ 53,914 | $ 68,536 |
| **Multifamily EE/DG** | $ 4,802 | $ 9,153 | $ 13,037 | $ 16,435 | $ 19,329 |
| **TOTAL** | $ 33,600 | $ 56,078 | $ 78,127 | $ 99,463 | $ 119,831 |

# Portfolio of Products

## Pro Forma Product P&L (‘000s)

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| **CT Business Unit** | | | | | |
| Net Interest Income | $ 1,249 | $ 1,704 | $ 2,213 | $ 1,356 | $ 1,505 |
| Solar PPA Development Fee | $ 249 | $ 413 | $ 200 | $ 98 | $ - |
| CGB PSA - Investing Business | $ 840 | $ 1,044 | $ 1,044 | $ 555 | $ 555 |
| CGB PSA - Smart-E | $ 426 | $ 351 | $ 351 | $ 183 | $ 183 |
| Other Smart-E Fees | $ - | $ - | $ - | $ - | $ - |
| Operating Grants | $ - | $ - | $ - | $ - | $ - |
| **Total Revenues** | $ 2,764 | $ 3,511 | $ 3,809 | $ 2,191 | $ 2,243 |
| Human Capital | $ 1,125 | $ 1,314 | $ 1,314 | $ 657 | $ 657 |
| Total Admin | $ 141 | $ 81 | $ 81 | $ 81 | $ 81 |
| **Total Expenses** | $ 1,266 | $ 1,395 | $ 1,395 | $ 738 | $ 738 |
| **Operating Income** | $ 1,498 | $ 2,116 | $ 2,414 | $ 1,454 | $ 1,505 |
| **Non-CT Business Unit** | | | | | |
| Net Interest Income | $ 256 | $ 772 | $ 1,099 | $ 2,815 | $ 3,264 |
| Commercial PV Development Fee | $ 51 | $ 187 | $ 100 | $ 202 | $ - |
| CGB PSA - Investing Business | $ - | $ - | $ - | $ - | $ - |
| CGB PSA - Smart-E | $ - | $ - | $ - | $ - | $ - |
| Other Smart-E Fees | $ 294 | $ 614 | $ 1,154 | $ 1,889 | $ 2,205 |
| Operating Grants | $ 340 | $ 690 | $ 690 | $ - | $ - |
| **Total Revenues** | $ 941 | $ 2,263 | $ 3,043 | $ 4,906 | $ 5,469 |
| Human Capital | $ 186 | $ 599 | $ 749 | $ 1,484 | $ 1,547 |
| Total Admin | $ 548 | $ 1,085 | $ 1,445 | $ 2,044 | $ 2,149 |
| **Total Expenses** | $ 733 | $ 1,683 | $ 2,194 | $ 3,527 | $ 3,696 |
| **Operating Income** | $ 208 | $ 580 | $ 849 | $ 1,379 | $ 1,773 |
| **Combined Revenues** | $ 3,705 | $ 5,775 | $ 6,852 | $ 7,098 | $ 7,712 |
| **Combined Expenses** | $ 1,999 | $ 3,078 | $ 3,588 | $ 4,265 | $ 4,434 |
| **Combined Operating Income** | $ 1,706 | $ 2,697 | $ 3,263 | $ 2,833 | $ 3,278 |

***Note: balances outstanding represent annual average outstanding balance for the relevant item for the fiscal year***

# Portfolio of Products

## Pro Forma Balance Sheet ('000s)

| '000s | YE June 30 | | | | |
| --- | --- | --- | --- | --- | --- |
| | FYE19 | FYE20 | FYE21 | FYE22 | FYE23 |
| **Assets** | | | | | |
| Cash / Cash Equivalents | $1,200 | $2,490 | $2,122 | $2,122 | $2,122 |
| Loans | | | | | |
| Single Family | $16,362 | $21,403 | $25,622 | $29,115 | $31,966 |
| Multifamily | $4,802 | $9,153 | $13,037 | $16,435 | $19,329 |
| Solar PPAs | $12,436 | $25,521 | $39,469 | $53,914 | $68,536 |
| **Total Investment Assets** | **$33,600** | **$56,078** | **$78,127** | **$99,463** | **$119,831** |
| **Total Assets** | **$34,800** | **$58,568** | **$80,250** | **$101,585** | **$121,954** |
| **Liabilities** | | | | | |
| Senior Debt Capital | $0 | $15,559 | $27,674 | $42,894 | $59,719 |
| Subordinate Debt Capital | $23,600 | $25,000 | $25,000 | $25,000 | $25,000 |
| **Total Liabilities** | **$23,600** | **$40,559** | **$52,674** | **$67,894** | **$84,719** |
| **Net Assets** | | | | | |
| [Equity-Equivalent] PRIs | $5,000 | $10,000 | $17,500 | $22,500 | $25,000 |
| Grants | $5,000 | $5,500 | $6,500 | $7,500 | $8,500 |
| Retained Earnings | $1,200 | $2,509 | $3,576 | $3,692 | $3,734 |
| **Total Net Assets** | **$11,200** | **$18,009** | **$27,576** | **$33,692** | **$37,234** |
| **Liabilities + Net Assets** | **$34,800** | **$58,568** | **$80,250** | **$101,585** | **$121,954** |
| **Debt to Net Assets** | **2.1** | **2.3** | **1.9** | **2.0** | **2.3** |

# Portfolio of Products

## Pro Forma Cash Flows (‘000s)

CONNECTICUT GREEN BANK

**PROFORMA STATEMENT OF CASH FLOWS**

| | 6/30/2019 | 6/30/2020 | 6/30/2021 | 6/30/2022 | 6/30/2023 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| CGB PSA – Investing Business | $ 840 | $ 1,044 | $ 1,044 | $ 555 | $ 555 |
| CGB PSA - Smart-E | 426 | 351 | 351 | 183 | 183 |
| Other Smart-E Fees | 294 | 614 | 1,154 | 1,889 | 2,205 |
| Operating Grants | 340 | 690 | 690 | - | - |
| Solar PPA Development Fee | 300 | 600 | 300 | 300 | - |
| Total program expenses | (1,999) | (3,078) | (3,588) | (4,265) | (4,434) |
| Net cash provided by (used in) operating activities | $ 201 | $ 221 | $ (50) | $ (1,339) | $ (1,491) |
| **Cash Flows from Capital and Related Financing Activities** | | | | | |
| Senior Debt / Non-CRA funding (net of repayments) | - | 5,753 | 1,589 | 2,673 | 2,457 |
| Senior Debt / CRA funding (net of repayments) | - | 9,806 | 10,525 | 12,547 | 14,368 |
| Mezzanine Debt / PRI (net of repayments) | 23,600 | 1,400 | - | - | - |
| Equity PRI | 5,000 | 5,000 | 7,500 | 5,000 | 2,500 |
| Equity PRI payments | (263) | (910) | (1,495) | (1,801) | (2,112) |
| Capital Grants | 5,000 | 500 | 1,000 | 1,000 | 1,000 |
| Net cash provided by (used in) capital and related financing activities | $ 33,338 | $ 21,550 | $ 19,119 | $ 19,419 | $ 18,214 |
| **Cash Flows from Investing Activities** | | | | | |
| Loan losses | $ (244) | $ (478) | $ (701) | $ (917) | $ (1,124) |
| Interest on loans (net of funding expense) | 1,505 | 2,476 | 3,313 | 4,172 | 4,769 |
| Single Family program disbursements (net of repayments) | (16,362) | (5,041) | (4,219) | (3,493) | (2,852) |
| Multifamily program disbursements (net of repayments) | (4,802) | (4,351) | (3,883) | (3,398) | (2,894) |
| Solar PPA program disbursements (net of repayments) | (12,436) | (13,086) | (13,947) | (14,445) | (14,622) |
| Net cash used in investing activities | $ (32,338) | $ (20,481) | $ (19,437) | $ (18,081) | $ (16,723) |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | $ 1,200 | $ 1,290 | $ (368) | $ (0) | $ (0) |
| **Cash and Cash Equivalents - Beginning of Year** | $ - | $ 1,200 | $ 2,490 | $ 2,122 | $ 2,122 |
| **Cash and Cash Equivalents - End of Year** | $ 1,200 | $ 2,490 | $ 2,122 | $ 2,122 | $ 2,122 |

Lamont Financial's (LF) role (scope of work) is to evaluate the certain financial aspects of the proposed transaction for our Board. LF is being asked to:

1. Determine whether the assumptions in the IPC financial business plan are broadly reasonable;
2. Assuming the reasonableness of the assumptions in IPC's financial business plan, determine whether the proforma profit and loss statements, balance sheets and cash flows (per proforma IPC P&L, Balance Sheet, Cash Flows prepared by Green Bank staff) reflect a reasonable view of the financial business plan over the period under review (5 fiscal years: commencing July 1, 2018 and ending June 30, 2023); and
3. Determine whether the financial impacts (per 5 year proforma Green Bank P&L, Balance Sheet, Cash Flows prepared by Green Bank staff) to Green Bank for the provision of certain services to IPC under the proposed *Memorandum of Understanding* (MOU) between Green Bank and IPC and the transfer of certain products to IPC and the procurement of certain services by Green Bank from IPC for fees proposed under the *Professional Services Agreements* (PSAs), between Green Bank and IPC, would cause any material and adverse financial outcome for Green Bank when compared with the financial outcome that would be expected for Green Bank without the formation of IPC, the transfer of these products and the entering into these agreements. This assessment is effectively a comparison of Green Bank on a proforma basis "with" and "without" IPC, where:
    a. "With IPC" –
        i. Green Bank provides the shared services to IPC (office space, phones, technology, accounting…) under the MOU in return for a deferred fee in year 1 and a current fee subsequently for so long as the services are provided (note – Green Bank believes it can provide the shared services with any additional staff being hired to provide the shared services or for any material incremental out of pocket costs being incurred to provide the shared services); and

        ii. Green Bank transfers program management for certain programs/products to IPC and pays IPC for staff and program expenses under the four (4) PSAs on the following basis:
            1. For staff at the same Green Bank salary rate for the staff moving from Green Bank to IPC plus an overhead factor for benefits equal to 40% of base salary (whereas this overhead factor would be 82% at Green Bank if these staff remain at Green Bank); and

            2. Program expenses on the same basis had these program expenses remained with Green Bank (so dollar for dollar – equivalent)

        iii. Green Bank retains the ability to invest in IPC transactions on Right of First Refusal (set forth in the MOU) - and investment differential (if any) caused by the new relationship with IPC.

b. “Without IPC” – the staff and program expenses would remain at Green Bank (at the higher 82% overhead rate) and investment differential (if any) caused by the lack of a relationship with IPC.

In determining whether there would be any material and adverse financial outcome for Green Bank, the Office of the State Treasurer has particular concerns as to whether this transaction should cause concern about Green Bank’s financial ability to maintain its obligations under the SCRF for the Meriden transaction and the CSCU transactions (which LF is familiar with).